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The Nation's Business

Canada Holds Answer to Hull Mission

THE visit to Canada last week of Hon. Cordell Hull, U.S. Secretary of State, should be productive of more than the columns of newspaper space accorded his utterances on the need for world peace. Most people know Mr. Hull's views on this subject. His strong neighborly leadership in a traditionally isolationist country has spread his name and fame across the world.

Mr. Hull's plans for breaking down trade barriers between United States and the world have met a major obstacle in discussions with Great Britain. One reason is the interlocking system of treaties between Britain and the Dominions on the one hand, and between countries like Canada and the United States on the other.

Canada's role in world affairs is increasingly that of interpreter between these two great nations and the primary purpose of Mr. Hull's visit was undoubtedly to smooth out this complicated three-way trade puzzle.

The Canadian position is a difficult one. There are those who feel we should not yield any present trade advantage without a corresponding quid pro quo. There are those who feel a temporary sacrifice is worth while if it leads to a further expansion of world and therefore Canadian trade.

This is the goal toward which Canada must set her face. Our ultimate reply to Mr. Hull must be worthy of a nation whose future is closely tied to the destiny and prosperity not only of the British Empire but of the North American continent.

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New Deal Drags Us Down

ECONOMIC observers are reaching some measure of agreement as to the significance of the stock market panic and the swift reversal of business to a downward trend.

One cannot find the causes in Canada. We are being dragged downward at the toboggan tail of the United States just as we were pulled upward by earlier American prosperity.

What we are witnessing is what one observer calls "the liquidation of an induced prosperity" and another observer calls "the final liquidation of the New Deal."

Gold revaluation, N. R. A., pump priming, public works extravagances, artificially low money rates and a deliberately unbalanced budget all combined to give the United States a "managed prosperity." The New Dealers patted themselves on their shoulders and said the new day of a planned and stabilized economy was here.

But the New Deal was stabilizing prosperity in the way that a doctor quiets the nerves of an upset patient: by shots in the arm. This year made apparent the vital necessity of tapering off the hypodermic injections. Revalued gold was sterilized. Pump priming and public works were reduced. Excess credit reserves were scaled down. An effort was made to balance the budget.

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HAD these policies been successful, trade and commerce would now have been recovering under its own initiative. But they have not. There has been no revival of capital investment to replace New Deal expenditures. Money has continued to be frightened and, to quote Dr. O. M. W. Sprague, a former New Deal adviser and now of the Harvard Graduate School of Business Administration:

"The lack of new capital investment seems fundamental for without an increase in capital investment we cannot have a sustained demand for construction.

"I attach more importance to that lack of capital investment than to wars and rumors of wars."

Lacking this "follow through" on the part of private capital the whole New Deal prosperity has begun to disintegrate. The patient, instead of getting better, seems to have got worse.

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New Search For Prosperity

NOW the United States has to start all over again looking for prosperity.

It can find it two ways: the easy way and the hard way.

The easy way is the way it took before: public extravagance, government planning for and regimentation of business; easy money and lots of it; an unbalanced budget. This would whoop things up again. But it would lead to inevitable inflation and an ultimate collapse, worse than the minor difficulties that have come out of the retreat from New Deal excesses.

The hard way is to jettison 90% of New Deal philosophy; to restore individualism, whether rugged or otherwise, as a factor in affairs; to rebuild on the foundations that were strong enough to support enduring prosperity in the century and a half before 1929.

It is not merely a trite and obvious thing to say that the United States stands at the crossroads. To say that is to utter an important truth. The road that the United States takes under the direction of Washington will inevitably determine the direction in which Canada will veer

(Continued on page 2, col. 3)

Tories Move To Modernize Ontario Party

Rowe Aims at Rejuvenation of Both Personnel and Policies

CONVENTION PLANS

A serious attempt to modernize the Conservative party organization will be made in Ontario before the next election.

A party convention to choose a new leader or reaffirm present leader Earl Rowe in his post after his rejection by the voters, will be held not earlier than next fall and perhaps in the following spring.

In the meantime Mr. Rowe has rejected suggestions that he accept one of his followers' seats in the legislature and is seeking re-election in his old riding to the Dominion Parliament.

This will throw the leadership wide open at the coming convention and may give an opportunity to Col. George Drew, who broke with Rowe over the C.I.O. issue, to stage a comeback. At the moment Col. Drew is not popular with party leaders or party workers. That he has a strong following in a section of the party is not doubted. At the moment his chances of succeeding the man who defeated him at the last party convention, however, can only be regarded as an interesting but remote possibility.

Modernization Plans

Modernization as now proposed will include not only organization but policy. At a heated caucus in Toronto of the elected members it was suggested that the time had come for dropping what has become known as the "old gang." In the party at large there is a strong feeling for rejuvenation, and the caucus is understood to have given Mr Rowe a free hand to carry out the task. He in turn has announced his intention of consulting immediately with all Conservative candidates in an attempt to place the party on a "more sound and modern basis."

Move to Avert Milk Stoppage

Provincial Intervention Likely to Halt Spread of Ontario Strike

Provincial intervention is regarded this week as a likely development to adjust differences between milk distribution companies in Toronto and the Toronto Milk Drivers Union, and assure uninterrupted milk supply to Toronto and western Ontario centres.

Outbreaks of violence arising out of the month-old strike of a number of employees of Canada Dairies Ltd. have brought matters to a head. The chief if not sole issue between the union and Canada Dairies is the demand for a closed shop agreement compelling all workers to join the union. Other distributors are believed to share the determination of Canada Dairies to resist such a demand.

The union is a branch of the International Brotherhood of Teamsters, Chauffeurs, Stablemen and Helpers, an American Federation of Labor body. Until a year ago, the Toronto union had made little headway in organizing dairy workers in the city and had won an agreement with only one firm. This year, organizing efforts have been more successful, reportedly with the aid of funds and personnel provided by the Communist Party.

Four Agreements

The local union now has closed shop agreements with four of the smaller firms—Toronto Dairies and the Donlands, Valley View, and Ritchie dairies. It has also gained an acknowledged enrolment of 75-100% of both the drivers and inside workers of the larger firms such as City Dairy, Acme Farmers and Caulfield, and to a certain extent has gained a foothold in the smaller establishments. However, even the union's claimed membership strength of 1,000 gives it only one-third of the total of Toronto's dairy workers.

Five or six weeks ago, negotiations covering the industry as a whole in Toronto were under way between officials of the union and the Toronto Milk Distributors Association, in collaboration with the Ontario department of labor. The Financial Post is informed that these negotiations were dealing with wage levels, working conditions and related matters, and that the closed shop question had not been brought up at all when the union called 55 men out on strike at Canada Dairies.

Negotiations with the distributors as a whole were broken off, and Canada Dairies replaced the strikers with new men. Since then, progress of the strike has been marked on the union's part by threat to call a general strike of dairy workers if Canada Dairies did not yield to demands, and on the part of Canada Dairies by publication of full-page advertisements setting forth the facts of the dispute and the firm's stand. Gist of the firm's attitude was embodied in the following extracts from a recent advertisement:

"We object to any attempt to coerce our employees to pay tribute to a union if they do not wish to do so. . . . Because we will not force our employees to contribute to the funds of a union as a condition of working for us, the people of Toronto are threatened with paralysis of their milk supply."

See Canadian Hard Wheat All Gone by Next Spring

Canada will be completely sold out of the best grades of hard wheat by next spring if the present rate of export is maintained. It is the growing shortage of this grain that is responsible for premiums of 25 cents and higher over both Chicago and world prices on the Winnipeg market. With a record low crop and carryover this season in the largest possible export, surplus for the whole year from August 1 last, would be about 100 million bushels. Normal export would be two to three times this amount. So far since the end of July we have exported about 25 millions.

But even the small maximum estimated for this year does not represent the real scarcity, because much of it, probably a third, would be composed of durum or macaroni wheat from Manitoba, and some of the lower grades of hard wheat and feed.

Normally the best quality Canadian hard wheat comes from the dry southern areas of Saskatchewan. This season such areas were much too dry. The best yields have been in Manitoba where a considerable portion of the crop is of rust resistant durum.

The best grades of Canadian wheat this season are in keen world demand largely for mixing purposes. Blended with 10% Canadian No. 1 Northern, the softer winter wheats of United States, western Europe, Australia and the Argentine produce a much stronger flour and more palatable and economical loaf of bread than if used alone. Millers throughout the world are fully familiar with the fact and are therefore willingly paying an extra premium for the current short crop in Canada. With carryover reduced to negligible proportions they know that the supply is definitely limited.

This premium demand, while highly profitable to those relatively few western farmers who had a good crop of the top grades this year, has created an acute problem for the Canadian export miller. Forced by location and tariffs to purchase practically all his raw material from Canadian wheat sources he must pay the same premium on 100% of his supply as the foreigner is paying on only 10%. Moreover the limited total of that supply makes anything like normal volume impossible and the Canadian flour industry was largely built on the basis of huge volume.

Under such conditions competition with foreign and British mills in the export field is virtually impossible. As a further result, it is possible that imported flour in quantity may invade the Dominion before the present crop year is over next August 1. Indeed U. S. flour has already been sold in British Columbia this fall.

Good Locations Picked By Dominion at Fairs

Canada to be in Prominent Position at Glasgow and New York

From Our Own Correspondent

OTTAWA.—Both at the Empire Exhibition which opens in Glasgow next year and at the World's Fair which is opening in New York in 1939 Canada is to occupy prominent locations.

The Department of Trade and Commerce announced during the past week that a contract has been signed with the authorities of the Glasgow exposition reserving 24,000 feet of ground space. Canada will occupy the central and largest building among the Dominions, facing on the large artificial lake which has been arranged as the landscape feature. Across the lake will be the colonies, with the Indian building directly facing Canada.

The contract for Canadian participation in the New York fair two years hence has not yet been signed, but is in process of negotiation. A particularly favorable location, to the right of the principal entrance to the grounds and opposite the Grand Parade Ground—which is to be the central feature of the fair—is being reserved by the Dominion. The exposition authorities, furthermore, are co-operating by arranging for the removal from the ground plan of a building which would have partially intervened between the Canadian building and the Parade Ground.

During some of the European expositions which have been held during the past season, Canadian participation has been remarkably successful. The outstanding instance was the capture by the fur exhibit of the Hudson Bay Company of the Grand Prize of Honor for the best exhibit at the Paris Exposition. At a recent London exhibition, furthermore, according to a cable received by the Department of Trade and Commerce during the past week, a Winnipeg brewing company won the gold medal for overseas beer from some 7,000 entries. The Winnipeg firm won the first prize and silver medal for heavy lager class beer, and the bronze medal for light lager beer. A Calgary brewery was given the diploma in the heavy class and a Kitchener firm won the diploma in the light class. It was a New Zealand brewery which captured the first prize and the silver medal in the light class.

POWER GAINS

From Our Own Correspondent

MONTREAL.—Canada Northern Power's production in September totalled 53,795,965 kw.h., compared with 48,774,892 kw.h. for the same month last year.

Cumulative output for the first nine months of this year totalled 479,493,300 kw.h., as against 439,140,869 kw.h. for the like period in 1936.

Commoil Proves New Turner Well

The farthest west well drilled on structure in the Turner Valley field, Commoil Ltd.'s well, has blown in with a strong flow of oil and abundant gas pressure, indicating another big producer for the area. The well is located just west of Granville, and east of Command well, and the successful drilling will, it is felt, greatly increase the drilling activity westward. Companies which have a royalty interest in the new producer are Commonwealth Commoil, and Calmont.

B.C. Finances Are Improved

Over-all Deficit Heavy But Revenues Reach New Peak

The over-all deficit of British Columbia after taking into account ordinary relief and capital expenditures amounted to $7.8 millions for the year ended March 31, 1937. If sinking fund payments of $2.4 millions had been provided the deficit would have exceeded $10 millions. However, the public accounts, tabled by Minister of Finance John Hart, show definite improvement in the fiscal position of province, revenues being the highest in history.

Receipts for the year totalled $28.1 millions, an increase of over $2.2 millions from the previous year. Of total revenue, $25,413,589 was spent on ordinary expenditures and $2,689,023 on relief. This left unprovided out of current revenue $1,706,603 in relief costs and $2,467,230 in deferred sinking funds. In addition $6,156,157 was spent on capital account.

Unemployment relief expenditures show a reduction amounting to about $4.4 millions compared with $8.2 millions in previous year. As a result of this and payment in part of relief expenditures out of current revenue borrowings of the province from the Dominion were less than in the previous year.

Surpluses on ordinary account during the three years ended March 31, 1937, totalled $6.4 millions. Of this $3.5 millions was used to meet a bond maturity, leaving $2.9 millions to be applied to relief costs.

Mills' Position On Paper Price Strengthened

Crown Zellerbach Backs Policy of $50 Paper for 1938

QUEBEC WARNING

From Our Own Correspondent

MONTREAL.—Principal development in the newsprint industry over the past week was the announcement by Crown Zellerbach Corp., principal newsprint producer on the United States west coast, that it would maintain its previously announced price policy of $50 a ton for the first half of 1938.

Crown Zellerbach occupies much the same position on the west coast as does Great Northern Paper Corp. in the eastern area. Hence newsprint manufacturers place considerable importance upon its stand taken.

Stands Pat on Policy

In response to an enquiry, Crown Zellerbach issued the following statement on its price policy:

"Our newsprint contracts are not governed by Great Northern, nor will they be influenced by the latter's recently announced prices. The views on newsprint stated in our annual report to stockholders, dated July 12, are unchanged. We prefer to make no public announcement of our 1938 prices until we send formal notice to our contract customers."

A definite statement followed last Tuesday when Crown Zellerbach stated:

"We have today mailed to our contract customers an announcement fixing our price for the first six months of 1938 at $50 f.o.b. docks, Pacific coast ports."

Will Avoid Oversupply

Individual manufacturers generally are lining up in support of the policy to restrict production so as to prevent a glut of newsprint paper at the beginning of the year.

Anglo Canadian Pulp & Paper is the latest operator to follow the practice adopted by Canadian International Paper and over the last week end closed down its plant just outside of Quebec City from Friday night until Monday.

Duplessis Supports Plan

Support of the manufacturers plans to prevent a glut of newsprint is seen in the public statement issued by Premier Maurice Duplessis of Quebec. He stated that the Quebec Government was determined not to permit overproduction which would ruin the industry itself, the employers and workmen, and, generally, do great harm to the province and country. The Government, the Premier went on to say, possessed the legitimate means of direct and effective action which it would put into application without fear or hesitation. The industry, a national one, was too important to permit of ruinous policies, which would cause widespread harm and loss of revenue to the Government, he said.

"We are happy to say," he continued, "that up to the present the interested people have shown a spirit of co-operation and collaboration, which is much to their advantage and which is all to their honor. All interested may be convinced that the Government will co-operate with them to safeguard the best interests of the province and the industry."

Powell River Sales Co., representing Pacific Coast mills, states that the price for the first half of 1938 will be as previously announced, $50 a ton for the first half of 1938 at ports for water deliveries. As to the probable price for the last six months of 1938, the company's statement points to rising costs but says it is quite impossible to expect any definite pronouncement at this time.

Union Gas Declares 20-cent Dividend

A dividend of 20 cents a share has been declared by Union Gas Co. of Canada, payable Dec. 15 to shareholders of record Nov. 20. The shares will sell ex-dividend Nov. 18.

The increase in the quarterly dividend from 15 cents a share reflects improvement in net profits this year. For the first half of the year, earnings amounted to $241,000, compared with $126,411 in the corresponding period of 1936. The company earned 99 cents a share in its financial year which ended March 31, 1937.

Niagara Falls Plan Ready

Fiscal Agent Proposes to Pay Matured Debentures in Cash

A plan for removing the city of Niagara Falls, Ont., from the list of defaulted municipalities has been announced by the Guaranty Trust Co. of Canada, fiscal agents for the city. Adoption of the plan is conditional upon its acceptance by institutional holders who are asked to subscribe to new debentures to raise a portion of the funds needed.

Matured debentures totalling $1,178,318 by the end of 1937, are to be paid in cash. Funds for this will be provided to the extent of $678,318 from cash on deposit in the city's reserve account. At the end of 1936, Niagara Falls had $414,841 in its reserve account. It is expected that this will have been increased to slightly over $600,000 by the end of 1937. Any cash necessary over the amount available will be provided by the Imperial Bank at 4½%.

It is proposed to raise the balance, amounting to $500,000, by an exchange by those holders of matured debentures who are willing to do so for a new 4½% bond issue of the same amount, to mature serially within 15 years. The proposed new debentures would be callable at par in the reverse order of maturities, the 15-year bonds being the first to be called.

The city has a capital bank loan of $126,466. This loan was made for unemployment relief works and the same amount of 6% 20-year bonds deposited as collateral. Of these bonds, $16,387 will have matured by the end of 1937 and the bank will receive cash for this amount. It is proposed to seek permission from the Ontario Municipal Board to convert these 6% bonds into a 4½% issue.

Unmatured Debt Unchanged

No change would be made in unmatured debentures which would be paid as they become due.

In the letter sent to institutional holders of Niagara Falls bonds outlining the scheme it is stated that it is hoped that the consent of the holders of the required $500,000 of matured debentures will be received in time to complete the refinancing scheme early in December.

Total debt of Niagara Falls is $3,283,180, including the $1,178,318 of matured debentures but not including provincial housing loans. The plan provides that this debt should be entirely retired by 1960.

The fiscal agent has included in the report on the refinancing plan tentative budgets for the next five years and actual figures for the past four years. These show that by maintaining the tax rate at the present scale of 38 mills, a deficit of $27,013 will be incurred in 1938 but the following surpluses would be realized in the succeeding four years: 1939, $3,401; 1940, $17,455; 1941, $64,415; 1942, $86,274.

Fairchild Builds Airliner in Canada

Department of Transport Grants Certificate of Airworthiness

From Our Own Correspondent

MONTREAL.—Fairchild Aircraft Ltd. has completed the first airliner to be designed and constructed in Canada. Known as the Fairchild "Sekani," the plane has been successful in its test flights and a certificate of airworthiness has been granted by the Department of Transport. Three other planes of the same type are now being constructed at the company's factory at Longueuil, Que.

Intended primarily for passenger transport, it can also be used for freight. The gross weight of the plane is 10,000 pounds, of which 2,500 pounds is allowed for the payload. There is accommodation for eight passengers and two pilots, but chairs can be installed for two additional passengers.

May Take Time To Change Trend Of Stock Prices

Stock Slump in Recovery Likened to 1903 and 1923

FAVORABLE FACTORS

By C. W. STOLLERY, Investment Editor, The Financial Post

The question of what stock markets will do now that declines of 35% to 45% have been recorded by price averages is causing considerable scratching of heads in financial communities and a lot of pencil sharpening among chart readers.

After such a sharp decline as has occurred since Aug. 14, almost anything can happen. The possibilities are:

1. That there will be a zig-zag rebound covering about half the net decline.

2. That there will be continuation of the churning of prices around the recent marked-down figures in what the analysts call a "line formation."

3. That there will be a brief recovery followed by a decline to lower levels.

In any case, it is apparent that signs have not yet been given of a turn of the trend into an upward movement over the months ahead, and until such evidence is forthcoming the conservative investor will probably prefer to await developments before making large purchases.

If there is a substantial recovery from recent low levels, it would not be unusual for a secondary decline to follow, giving time for the investor to decide his policies. If price averages develop into the irregular level of a "line formation" over the next few weeks, the most definite sign of strength would occur only if prices were to turn definitely upward from such an indecisive position. And if there is to be a lower price level the investor can afford to wait for it.

Likened to 1903 and 1923

The main fear arising from the decline of stock prices since last March is that it marks the beginning of another downward spiral of liquidation such as was witnessed from 1929 to 1932. Good opinion is that the probabilities are against such a development. Alexander Dana Noyes, doyen of financial writers, comments in the New York Times that the recent decline can be attributed quite simply to the fact that prices had been rising for the two years from March, 1935, to March, 1937, without serious interruption. He says we are still in the upward trend of the Economic Cycle. The decline of stocks in the middle of a long-term economic recovery, he recalls, is similar to what happened in 1903 and 1923 when slumps were followed by recovery of prices as full economic prosperity developed.

The economic factors affecting business and therefore underlying the trend of stock market prices are regarded by most observers as favorable to resumption of the recovery movement when the debris of this year's slump is cleared away.

Main Factors

The main factors most commonly cited as suggesting further economic recovery developing into full prosperity conditions are these:

1. Interest rates are still low, serving to support bond prices and business even though the maximum lift to securities from low interest rates may already have ceased.

2. Industrial over-production and glutting of markets has been apparent only in a few cases and is not general.

3. Rising costs have cut into corporation earnings, but this is not an abnormal aspect of business recovery, and since higher costs represent increases in income for workers and producers of materials they are not an unmixed evil.

4. Since full economic recovery normally carries business volume above the levels of the previous peak of prosperity, the fact that the 1929 level has not been reached suggests that full prosperity has not been reached.

5. As a heritage from the depression, there remains a large unfilled need for replacement and expansion of capital equipment, and the failure of economic recovery, as yet, to reach completion in the capital goods industries indicates the scope for further business gains.

The slump in stocks has wiped out a large part of the Roosevelt New Deal and has had important repercussions in Washington, says P. H. Whaley in a feature article on page 9. On the same page, a Canadian investment economist discusses the relationship of the slump to inflationary influences, and another special article relates the American business situation to that in Canada.

Highlights

London Calling

Parliament has just opened in London and Atticus surveys the scene. Page 3

Ontario's Attorney-General

Hon. Gordon D. Conant brings a life time of political and legal experience and abundant energy to his new job. Page 16

After the Stock Panic

Two observers in Canada and one from the United States suggest what may follow the drop in stock prices. Page 9

REGULAR FEATURES

Bond Markets 5
Editorial 6
Investment Trends 4
Investors' Index 2

New Contract For MacLaren Future Hope

Ontario Hydro Has Two Alternatives to Meet Power Requirements

INCREASING LOAD

From Our Own Correspondent

MONTREAL.—An increase of 40,000 h.p. in the firm power purchased by the Ontario Hydro would mean a gain in annual earnings of about 25 cents a share for the new Gatineau Power common stock.

The Hydro-Electric Power Commission of Ontario is expected to place orders with Gatineau Power Co. within the next few weeks increasing deliveries of firm power from 140,000 to 180,000 h.p. The load in the Niagara System has been increased sharply this year but the Hydro has been aided by its renewal of contract with Ottawa Valley Power Co. It is generally known that had it not been for unusually favorable weather and water conditions last winter, the Commission could not have got along without additional power from Gatineau.

Gatineau Power has only 120,000 h.p. in reserve for Ontario Hydro. The full output of Ottawa Valley Power's plant at Chats Falls is being taken by the Commission, while Maclaren-Quebec Power is supplying 40,000 h.p. of firm power. The contract with Beauharnois, which called for 200,000 h.p., has been cancelled though the validity of the contract is still a matter of litigation.

While it will help strengthen the reserves of the Hydro, the recent announcement of plans to build a new 26,000 h.p. plant at High Falls on the Madawaska River for the eastern Ontario system indicates the need for additional power. The eventual programme for development of over 100,000 h.p. on the Madawaska will take time for completion.

To secure large power supplies for the Niagara system, in the near future, above the amounts available from Gatineau, the Hydro has two alternatives. One would be to buy from Maclaren-Quebec Power Co., or to make a new contract with Beauharnois. The Beauharnois power, however, for full delivery would require new transmission lines.

Under the terms of the agreement between Gatineau Power and Ontario Hydro-Electric, it is specifically stated that the Commission cannot take power from any other Quebec operator until all of Gatineau's reserve supply is delivered on a firm basis. Exceptions were made in the contract to Ottawa Valley Power and the 40,000 h.p. from Maclaren-Quebec.

Can Arrange for Reserve

At the moment there does not appear to be any legal reason to prevent the Commission from making a contract with either Maclaren-Quebec or Beauharnois for "reserve" power. It cannot make a contract for firm power without taking delivery on a firm basis of all the power held in reserve by Gatineau.

Look to Maclaren-Quebec

There has been considerable talk of a new contract being made with Beauharnois. While there is nothing to prevent the Commission from entering into a new agreement, it is believed that Hydro will first make a contract with Maclaren-Quebec.

Both in Toronto and Montreal circles there is a firm belief that Ontario Hydro is going to make provisions for a larger supply of power from Maclaren-Quebec. The latter is in a position to reserve a large block of power for future use of the Commission. It already has the necessary machine installed, this having been done to meet the requirements of the original contract, so that it would not be necessary to carry out any major capital expenditure.

On present deliveries and reserves Gatineau receives an annual revenue from Ontario Hydro of $2,863,000. An extra 40,000 h.p. of firm power would increase income from this source by $430,000 annually. This would be equivalent to $3.50 a share on the outstanding 5% preferred shares, as there would be no additional operating expense. It would be of greater proportionate importance to the new common stock, as any increase in revenue would practically all accrue to the junior security. The increase would be around 25 cents a share for the new common.

If the present rate of increase in the Niagara system load is maintained, there is a good prospect that Ontario Hydro will shortly be in a position to take all of the Gatineau Power on a firm basis.

At present Ontario Hydro is taking for the Niagara system 140,000 h.p. of firm power. In addition, Gatineau is holding 33,000 h.p. of immediate stand-by power and has a general reserve of 87,000 h.p.

With an increase in firm power to 180,000 h.p., Gatineau would have in reserve for Ontario Hydro the same amount of immediate stand-by power and 47,000 h.p. of general reserve.

Cyanamid Plans Issue Of $6 Millions in Bonds

Directors of American Cyanamid Co. have called a special meeting of class A shareholders on Oct. 25, 1937, at Portland, Maine, to consider the following recommendations:

(1) That the company create an issue of $6,000,000 of its 4% debentures, due 1957.

(2) That the certificate of organization and by-laws of the company be amended in order to clarify the power of the board of directors to create indebtedness, subject only, in certain cases, to the approval of the 5% preferred shareholders.

Realities in Real Estate

What's Happened to Property?

Real Estate Revolution Leaves Owners Stranded By High Taxes — Hopeful Signs Are Seen

In the first of a series of articles The Financial Post reviews the problems of real estate. Later articles will deal specifically with difficulties that have arisen and solutions which are seen.

By R. A. McEACHERN, Staff Writer, The Financial Post

YOUR clothes are 1937, your car probably 1936, your furniture probably 1920 and your habits and mode of life 20th century. But your abode, probably your biggest single investment, is essentially the same thing as your ancestors lived in 300 years ago.

For building is the industry which the industrial revolution forgot. A house is still 20,000 to 40,000 separate pieces of some 1,200 different things stuck together by some 20 different types of workmen.

But if the building industry has remained deep in the past, and is a vestigial anomaly in the modern age, recent years have worked on it a fundamental change.

There has been a real estate revolution. Before the depression it was beginning and it isn't over yet.

Traditional Importance Shaken

Much that was traditional has been shaken from its firm roots in the depression years of shock and grief. Disease and death have crept close to the birth rate. The "homely virtues" are less valued; the family grows smaller; entertainment and comradeship more and more, are found away from home.

Ownership of real property, since the world began, has been public testimony of civic importance, moral worth and economic success.

Since depression, ownership of real estate has lost much of its old importance as a gauge of mankind. For the first time in the history of this continent, it has become, for the mass, a somewhat doubtful business wisdom.

Set down in bare, unglossed facts what your house cost you, how much you could get for it now—if you could sell it — how much it is costing you to run. Figure out what return it gives you on your investment. If yours is the average case, the house acquired in the 1920's, those figures aren't very palatable.

Why the great increase in property taxation? Land and property is the traditional burden bearer. Taxes on it are easier to collect than most others. The landowner has been, traditionally, the best able to stand more taxes.

The Canadian financial set-up, too, conspires against the land and property holder. The sources of revenue allotted to the Federal Government at Confederation have increased in relative value, while the revenue sources of the provinces and municipalities have decreased. At the same time by far the greatest new loads on Government have come in the field of the already struggling province and municipality. Notably these have been social legislation of various kinds, education, hospitalization, trafficways, etc.

The responsibilities of the municipalities have increased. But land taxation remains their one important source of revenue. Therefore, in desperation, they have increased land taxes.

Land tax increases have traditionally been defended by the argument that the "unearned increment," the increased value of the land supposed to accrue with the passing of the

(Continued on page 8)

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BAY STREET SECTION

EATON'S-COLLEGE STREET

Wright Elected Director Preston East Dome Mines

From Our Own Correspondent

MONTREAL. — Douglas G. H. Wright has been elected to the board of directors of Preston East Dome Mines with the title of managing director.

It is also announced that directors have decided not to extend the option on 240,000 shares at $2 a share. This option was exercisable on or before Oct. 12 last, but the shares were not taken up.

Central Cadillac Gold Report Underground Work

From Our Own Correspondent

MONTREAL. — Central Cadillac Gold Mines report to the Montreal Curb Market that crosscut 105 is now 62 feet north of drift 1-2-east and is being pushed still farther north.

"The new drift 1-8-East," the report continues, "is being pushed to the East along the new vein recently cut crosscut 105. Excellent values are being encountered and plentiful visible gold is in evidence."

I. P. Defer Action Senior Dividend

From Our Own Correspondent

MONTREAL.—Directors of International Paper and Power Co. took no dividend action on the 5% preferred stock at the regular semimonthly meeting held this week. The next regular meeting is scheduled for Nov. 9. The preferred stock is cumulative from the beginning of 1937 under the terms of the reorganization plan recently adopted.

For the eight months ended Aug. 31, 1937, International Paper and Power reported consolidated net profit of $7,124,881, after all charges and provision for taxes. This was equivalent to $7.76 a share on the 5% preferred stock.

Currie Joins Wood Cadillac

From Our Own Correspondent

MONTREAL.—George S. Currie, of the firm of McDonald, Currie & Co., has been elected to the board of Wood Cadillac Mines. He succeeds L. H. D. Sutherland, who has resigned as a director on account of the pressure of other business.

Talcott factoring gives a new impulse to your working capital—and to your profits. With ready cash, and without credit or collection worries, your concentrated effort can be applied to production and sales.

We provide cash immediately as goods are shipped ... We guarantee against credit losses ... We make advances against seasonal accumulation of merchandise.

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Next YEAR'S HOLIDAY

● This can be you a year from now. Impossible? Not at all—if you start saving for it now.

Saving money can be thrilling if you save for such a purpose, and a real holiday is well worth saving for.

By the way—

A home of your own; a new car; an education for your child—these also are objectives that will give new life to your savings programme, help you in your natural desire to get ahead in the world.

Don't worry if your savings are small. Saving regularly is the important thing.

You will find it's as easy to save as to spend—when you save for a *purpose*.

P.S.—*Don't forget... the one who gets the bargains is the one with ready cash.*

To Help You SAVE

The Family Budget Book, published by The Royal Bank of Canada will help you to save. It contains sample budgets for your guidance, and a section for each month's accounts. Thousands of householders use this handy Budget Book each year. A copy is yours for the asking at your nearest branch.

THE ROYAL BANK OF CANADA

OVER 600 BRANCHES IN ALL PARTS OF CANADA

The Nation's Business

(Continued from page 1)

—financially, industrially and politically. We cannot escape from North America.

A group of articles on the front page of the second section of the paper discusses the current situation at greater length.

* * *

More Intelligible Life Statements

VICTOR R. SMITH, general manager of Confederation Life Association, did some timely work at Chicago this week in his presidential address to the American Institute of Actuaries. He made a blunt, straightforward plea for more simplicity and less hocus-pocus in the published annual statements of life insurance companies. He warned:

"There has been a lamentable lack of understanding of late in certain quarters of the true nature of life insurance funds and the ability of life insurance to bear increased burdens of taxation and oppressive legislation.

"'As long as we describe our operations to the public in terms that do not give complete information, and in a form and in a way that cannot be readily understood, we may expect a continuance of this lack of understanding."

Mr. Smith went farther and laid some of the blame for the present unsatisfactory situation at the door of government authorities who persist in requiring from the life companies a form of statement that is not only of little value but also unintelligible to an enquiring public.

He told his fellow actuaries he believed the time had come for a thorough overhauling of the statutory insurance forms required by governmental authorities in Canada and the United States "along the lines of modern accounting principles so that full and accurate information will be furnished the insurance public on this continent."

* * *

MR. SMITH argues correctly that though life companies have done much to inform the public of their purpose and function, much remains to be done. There is a need for continuous effort to tell in simple words and in simple terms the nature and significance of this huge co-operative enterprise.

And there is no better place to start than in the published and official annual statement returns. For a generation these have been for the most part unintelligible except to a few privileged experts. Mr. Smith's commonsense appeal should start a continent-wide effort to let in light and understanding of these important documents which in this country alone hold the key to over $2 billions of the nation's savings and reserve funds.

* * *

Mr. Rowe Makes A Good Beginning

THOUGH the picture is not clear as to exactly what happened at the Ontario Conservative conclave this week, the outward result points in the right direction.

For the first time the nominal leader of the party, Hon. Earl Rowe, gave evidence of his desire and ability to think and act independently of the former and older leadership. He reversed his previous plan to take a seat in the Ontario house when he found he could not do so without being tied to the apron strings of the group that has wrecked the party. He will continue the leadership by "remote control" and has promised that the party will be rebuilt "from the top down as well as from the bottom up."

The Conservative party both in Ontario and in the Dominion at large have many fences that need repairing. In Ontario there is a clear four or five year period in which to do this. If Mr. Rowe means what he says, he seems to be tackling the job the way it should be done, but the test will be the degree to which he is able to sponsor and carry through sound constructive policies. It was a lack of such policies that was largely responsible for the recent defeat in Ontario.

George Weston Profits Lower

Net Equal to 74c a Share in 9 Months Against 80c Last Year

Subject to final adjustment for the exchange of bonds and shares involved in the reorganization of McCormick's Ltd., net profits of George Weston Ltd. and subsidiaries are estimated by the management as equivalent to 74 cents a share on George Weston common for the first nine months of 1937 compared with 80 cents a share in the corresponding period of 1936.

These figures are based on a consolidated operating statement and F. W. St. Lawrence, vice-president and managing director, states that, while it is not yet possible to be exactly certain as to the amount of bonds and stocks which will be outstanding, as the McCormick's exchange is not completed, it is believed that ample provision has been made for all contingencies.

Business in recent months has shown improvement and the company feels that prospects for the balance of the fiscal year are excellent.

Consol. Income Account
Nine Months Ended Sept. 30

	1937 $	1936 $
Net oper. profit†	588,971	533,389
Less: Depreciation	143,727	80,768
Approx. income tax.	80,144	81,472
Net profit	365,100	371,149
Less: Pref. divds.	67,658	67,658
Bal. avail. for common	297,442	303,491

†Before depreciation and income tax but after provision for all interest due and accrued on present debt of subsidiaries.

Electrolux Net Profit On Lower Basis This Year

From Our Own Correspondent

MONTREAL. — Electrolux Corp. report a consolidated net profit of the corporation and subsidiary for the nine months ended September 30, 1937, amounting to $2,153,893 after all charges, including Federal income tax and provision for surtax on undistributed profits. This was equivalent to $1.74 a share and compares with a net profit of $2,191,332 or $1.77 a share for the like period of 1936.

For the quarter ended Sept. 30 last, the company reports net profit of $541,657 or 44 cents a share, as against $632,573, or 51 cents a share in the third quarter of 1936

Spray Co. Bought

Control of Canada Rex Spray Co. is now entirely Canadian, according to an announcement from the company's headquarters at Brighton, Ont. Former controlling interest was held by Rex Research Co., of Toledo, Ohio. Outright purchase has been made by O. L. and W. H. Morrow. For the last 26 years Canada Rex Spray Co. has operated at Brighton, making a wide range of spray materials used in agriculture and industry. Best known product is Fly-Tox. Though control of the company has passed to Canada, it will still retain its affiliation with the Rex Research Foundation at the Mellon Institute of Industrial Research, University of Pittsburgh.

Remington Rand Profits Well Ahead of Last Year

For the six months ended Sept. 30, Remington Rand Inc., reports a net profit, after depreciation, interest, and income taxes, etc., but before the U. S. surtax on undistributed profits, of $2,382,569. This is equivalent, after preferred dividend requirements, to $1.26 per share on the 1,584,883 common shares outstanding. The earnings, largest for the period since 1929, compare with net profit of $712,688 for the six months ended Sept. 30, 1936, or 20 cents per share on 1,392,607 common shares.

Sales of over $24.6 millions for the six months ended Sept. 30, 1937, were also the largest since the corresponding period of 1929, when sales volume totalled $31.5 millions.

For the three months ended Sept. 30, 1937, net profit amounted to $912,401 after depreciation, interest and federal income taxes, as compared with $268,729 in the corresponding quarter of 1936. Earnings in the two periods were 45 cents and 4 cents a share respectively.

Gold Dredging Firms Amend Directors' Powers

From Our Own Correspondent

MONTREAL. — Placer Development Ltd., together with Bulolo Gold Dredging & Pato Consolidated Gold Dredging, report to the Montreal Curb Market that at the respective annual meetings of the companies, all held on Oct. 21, all resolutions were passed. In all three cases, the company articles have been amended so that three directors sign instead of two.

Public Utility Earnings

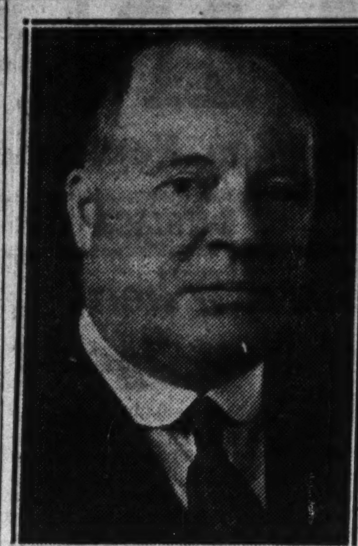
Canada Northern Power Corp.

September:	1937 $	1936 $
Gross earnings	419,956	374,253
Oper. expenses	173,600	145,308
Net earnings	246,356	228,945
Nine Mos. end. Sept. 30:		
Gross earnings	3,676,688	3,370,646
Oper. expenses	1,534,502	1,285,552
Net earnings	2,142,186	2,085,094

Canadian National Railways

Sept.:	1937 $	1936 $	Increase $
Oper. rev.	17,930,439	17,956,964	*26,525
Oper. exp.	15,587,954	14,994,327	593,627
Net rev.	2,342,485	2,962,637	*620,152
Nine Months:			
Oper. rev.	146,075,299	134,448,312	11,626,987
Oper. exp.	135,547,437	128,242,851	7,304,586
Net rev.	10,527,862	6,205,461	4,322,401

*Decrease.



H. & E. DIRECTOR

John W. Hobbs, Toronto, president of Consolidated Plate Glass Co. of Canada and The Continental Life Insurance Co., and director of several other concerns, has been elected a director of Huron & Erie Mortgage Corp. Mr. Hobbs is already a member of the Huron & Erie's Toronto advisory committee and director of its subsidiary, Canada Trust Co.

Central Power Output Higher

Monthly Total Lower, But Daily Production on Larger Scale

From Our Own Correspondent

MONTREAL. — Central electric stations produced practically the same amount of electrical energy in September as in August, but on a daily basis there was an increase of 3.2%, according to returns compiled by the Dominion Bureau of Statistics.

During the past month production amounted to 2,195 million kw.h., compared with 2,197 million kw.h. in the previous month, and 2,042 million kw.h. for September, 1936.

All Areas Advance

Returns by the five main economic areas for September, 1937 and 1936 respectively, follow:

September
(Thousands of Kilowatt Hours)

	1937	1936
Maritimes	75,554	69,959
Quebec	1,098,696	1,031,908
Ontario	690,548	634,211
Prairies	165,300	154,829
B. C.	165,192	151,516

Quebec in the Lead

For the first nine months of this year, the Central Stations produced 20,337 million kw.h. as against 18,526 million kw.h. for the like period in 1936. All areas shared in the increase, the largest actual gain being reported by Quebec, and the largest percentage gain by the Maritime Provinces.

Nine Months Ended September
(Thousands of Kilowatt Hours)

	1937	1936
Maritimes	702,277	601,047
Quebec	10,567,628	9,434,047
Ontario	6,318,299	5,862,728
Prairies	1,472,913	1,374,697
B. C.	1,276,137	1,253,553

Daily Figures Better

Exports to the United States dropped from 162 million kw.h. in August, to 143 million kw.h. in September while deliveries of secondary power to electric boilers decreased from 491 million kw.h. to 487 million kw.h. in the same period; the extra day in August would more than account for this latter decrease.

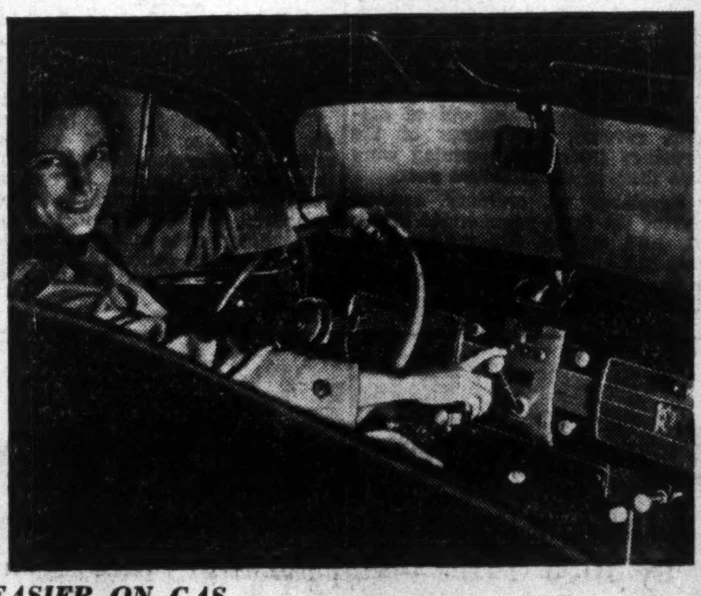
In past years the September consumption of firm power has been about 1.4% above the August consumption. This rate of increase was almost made this year, consumption being 1,564 million kw.h., as against 1,544 million kw.h. in August. The index number dropped only a fraction of a point from the peak recorded for August, declining from 203.38 to 203.36. Compared with the firm power consumption of September last year, the gain was 147 million kw.h. or 10.3%.

Bond Sales

Sorel, Que.

The city of Sorel has sold $46,400 of 4% 10-year serial bonds to Banque Canadienne Nationale and Credit Anglo-Francais at 97.52. Other tenders received included the following:

	Bids
Banque Canadienne Nationale	97.52
Dominion Securities Corp.	97.26
La Flamme	96.39



EASIER ON GAS

A special cruising gear on the new Nash cuts in automatically at about 40 miles per hour, allowing the engine to loaf at high speeds and materially reducing gas consumption. An abbreviated gear shift has been mounted on the instrument panel, completely clearing front compartment floor space. Models now being introduced are also equipped with an air-conditioning unit for winter driving. Above the instrument board of the 1938 models.

Investor's Index

INDUSTRIALS AND UTILITIES

Asbestos Corp.	11	Imperial Oil	11
Am. Cyanamid	1, 2	Inter. Power	11
Abitibi	4	Loblaw	5
Brazilian	3	Low. St. L. Pwr.	4
Brown Co.	5, 11	M. & O. Paper	4
Canadian Car	11	McColl-Front.	4
C. N. R.	2	Melchers	13
Can. Northern	1, 2	Nat. Sewer Pipe	11
Can. Celanese	4	National Light	13
Can. Iron Found.	4	Nat. Biscuit	4
Crow's Nest Pass	4	Price Bros.	11
Conduits Nat.	5	Prairie Cities	11
Cadwell Cereal	7	Postal T. & T.	11
Dom. Bridge	11	Power Corp.	4
Distillers Corp.	11	Pressed Metals	2
Dryden Paper	5	Rem. Rand	2
Electrolux	2	St. Law. Corp.	5
East Kootenay	5	Shawinigan	4
Fairchild	1	Twin City	13
Geo. Weston	2	Tor. Elevators	5
Great L. Power	4	United Fuel	11
Great Lakes Pap.	11	Union Gas	1
Gatineau	11	West. Can. Flour	13
Hunt's Ltd.	4	Zellers	4
Int. P. & P.	2		

MINES AND OILS

Albany River	14	Manitou	14
Abbott Mines	15	Manitoba & E.	15
Can. Malartic	14	Noranda	15
Central Cad.	2	New Ribago	15
Coniaurum	14	Pan.-Canadian	15
Coal Gate Oils	15	Porc. McNabb	14
Central Man.	15	Preston E. Dome	14
Dawson-White	14	Normetal	2
Davies Pete.	14	Parkhill	2
Gunnar	15	Quemartic	15
Howe Sound	14	Rahill R. L.	15
Inter. Nickel	4	Roeanor	14
Lake Rowan	14	Seal Harbor	15
La Reine	15	Silver Valley	14
Lapa Cadillac	15	Wood Cad.	2
Minto	14, 15	Wakami Gold	14
McK. Red Lake	15	Ymir Yankee	15

QUOTATIONS

Bonds	12, 13	Industrials	12
Grain	13	Mines & Oils	12
Foreign Exchange	5		

Pressed Metals Rights To Extend to Dec. 20

J. W. Leighton, president of Pressed Metals of America, states in a letter to shareholders that the company's application to the U. S. Securities and Exchange Commission to issue rights to shareholders has been amended. The change refers to date of offering of rights. Instead of Sept. 20, rights would be offered to shareholders of record Nov. 20, the rights to expire Dec. 20.

The company's application to offer rights was recently approved by the S.E.C. The offering is to give shareholders the right to buy one new share at $25 for each ten now held. The offering was affected adversely by the recent decline in market value of the shares below $25. Evidently it is anticipated that the shares may be at a sufficiently high price before Dec. 20 to make the offer attractive to stockholders.

The company has been following the policy of disbursing most of earnings as dividends and raising funds for plant expansion by offering rights to shareholders.

Parkhill Gold Mines Increases Issued Stock

MONTREAL. — Parkhill Gold Mines (1937) has notified the Montreal Curb Market that 12,500 shares of the company's capital stock have been allotted and issued at a price of 12 cents a share. This brings the number of shares outstanding to 2,367,505, with 632,495 shares remaining in the treasury.

Normetal Mining Corp. Sells Block of Stock

MONTREAL.—Normetal Mining Corp. reports 50,000 shares at 75 cents a share have been sold under the terms of the underwriting agreement. The issued capital now stands at 3,636,118 shares, with 118,894 shares remaining underwritten at 75 cents a share.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	....	3.50
Can. Invest. Fund, ex-div.	3.60	3.95
All Can. Trustee	11.25	14.90
Trans Canada	12.40	....
Grouped Income	4.79	5.30
Can. Equity	12.00	....
Can. Int. Tr., modified	5.00	5.50
Do., unmodified	4.50	5.00

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HEAD OFFICE MONTREAL

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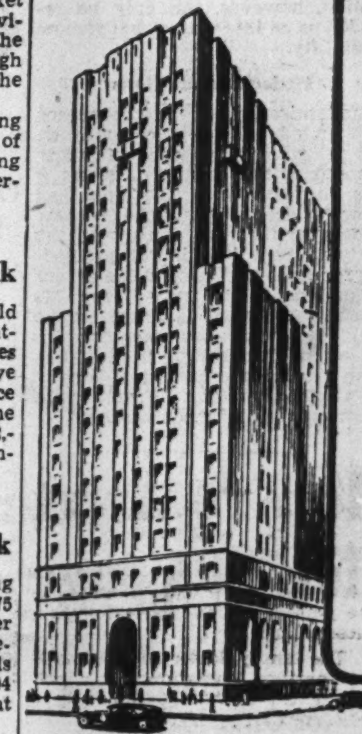
Manufacturers of high-grade bleached sulphite pulp and rayon pulp.

Plant at Red Rock, Ontario on Nipigon Bay, Lake Superior, scheduled to begin production about March 25th next.

225 TONS DAILY



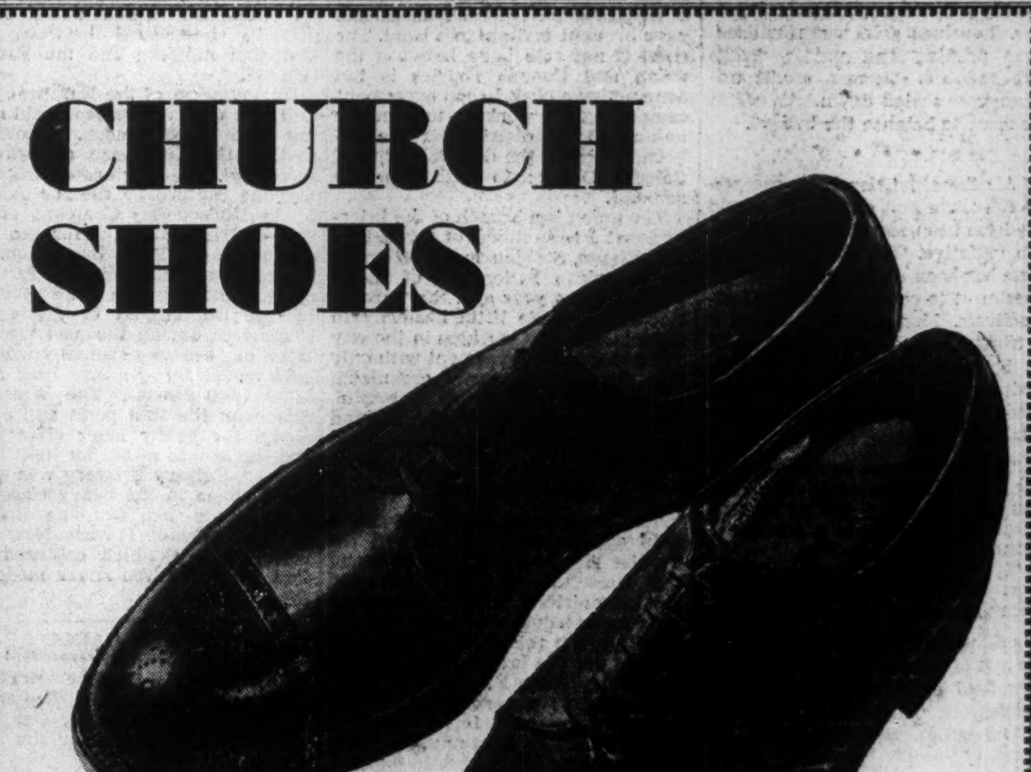
Your Affairs

... are ours ... treated with the same expertness, care and confidence as those of a great financial institution ... when you appoint this Company your executor. Handling hundreds of private estates enables us to handle yours economically, be it large or small. Experience, permanency, beyond individual human lives, ensure productive and economical management of your estate. Take steps in time.

THE CANADA PERMANENT TRUST COMPANY

BAY AND ADELAIDE STREETS, TORONTO

CHURCH SHOES



For Men Who Like a London Bootmaker

CHURCH & CO LIMITED NORTHAMPTON

YOU needn't take a trip to England to get the shoes you want—visit SIMPSON'S! "CHURCH'S" British shoes are sold in Toronto exclusively by The Store for Men. These are the shoes made by skilled British craftsmen who take pride in their work ... and the shoes show it. The model illustrated combines the vigorous good looks of an outdoor shoe with dashing town styling. Black or brown at 15.50. Other "CHURCH" shoes from $14. Spats at 2.50 and 3.50.

Simpson's

"Select Comfortable Shoes in Comfort!"

Weekly Record of Financing in Canada

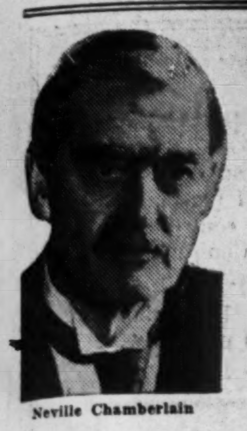
SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Sorel, P.Q.	Oct. 25	Banque Canadian Nationale and Credit Anglo Francais	4%	10-ser.	$46,400	97.52	.....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Vancouver & District Joint Sewerage & Drainage Board	Oct.	Board	4%	1938-62	$250,000	*	.....

*Maturities from 1938-43 to yield 3.50%; 1944-57, 3.85% to 4.30%; 1958-62, 4.35%.


Neville Chamberlain

London Calling

by Atticus

London's Famous Columnist Surveys the Westminster Scene Before Parliament Opens, Carrying On the Tradition of T. P. O'Connor, Margot Asquith and John Buchan, Who Successively Played the Rôle of Atticus

Anthony Eden

LONDON—

O be less beautiful, or be less brief!

That lovely line of William Watson's comes irresistibly to the mind at this time of the year. Surely in the drama of the seasons the third act is the best with its carpet of fallen leaves, its misty twilight and the faint warning of winter in the midst of the mellow sunlight like the sound of distant horns.

It is probable, however, that the Prime Minister's thoughts are not of the beauty of nature just now.

Parliament is about to meet after its long summer sleep, and the pent up emotions of Sir Archibald Sinclair and Dr. Dalton, the unfrozen irony of Sir Stafford Cripps and the contemptuous laughter of Miss Ellen Wilkinson—who has now joined the Board of the Socialist Party—will be loosed upon Mr. Chamberlain and Mr. Eden. The spirit of Palmerston will be invoked by strange hands and in the realm of foreign affairs the globe on its swivel will be whirled about at a giddy pace.

I can imagine that if Mr. Chamberlain resorts to poetry at all he will not go beyond "O be less violent, or be more brief!"

• • •

Changing Westminster

The days of classical oratory in parliament—the period, say, from Chatham down to Canning—have gone for ever. Speechmaking in the eighteenth century was an aristocratic pursuit and the speakers dressed for it as though for a ball. In powdered wigs, pantaloons and silk stockings, and with the blue riband of the Garter across their breasts they came to the House prepared to make a night of it and produced their masterpieces very often in the early hours of the morning. Virgil and Horace were constantly on their lips and the thing for an opponent to do was to cap them with a quotation from Juvenal or Cicero. A stimulating picture which was not perhaps without its flaws. Lord John Russell once said in a burst of candor: "There were ten men in the House in days of Pitt and Fox who could make a better speech than anyone living, but there was not one member outside the ten who could ever understand what they were talking about." Things are different today. There is no such disparity now between officers and other ranks at Westminster. There are times when the back benchers fail to understand a ministerial speech but it is usually the case that the minister is in a similar condition of bewilderment.

It is, of course, a recognized fact that men either speak twice as well or only half as well in Parliament as they do outside. Mr. Chamberlain never fails to hold the House of Commons while at a public banquet he commands respect without rousing vulgar enthusiasm. His grip on the House is based primarily on his gift for knowing what he is talking about. That is a compliment to his hearers which is deeply appreciated by both sides.

And he has always distinguished clearly between a front bench speech and a music hall act. Mr. Churchill is ineffective at a public dinner compared to his efforts in the Chamber. For a proper appreciation of his nuances and asides he must have an audience of political experts. Satire demands an intimate knowledge of the satirized. However I predict that in the opening foreign affairs debate of the new session Mr. Churchill will attempt neither satire nor burlesque, but make an impassioned appeal for a new League of Nations to embrace Germany, Italy and America. During it he will denounce war with all the fury of a man who loves the thing he hates.

• • •

Pressure on Eden

It will be strange if Mr. Eden does not show some signs of strain after his nightmare summer. Those of us who read of world events merely in the newspapers are burdened with care and doubt. What must it be to face the impact of that news with the responsibility of foreign policy in one's hands, to know the truth that cannot be divulged, to sort out fact from rumor, to balance firmness with patience, and to go to sleep at night with the knowledge that tomorrow will be like today? As a speaker Mr. Eden has style without richness of language. He is not a dilettante although in manner he belongs to the political young men of Disraeli's novels. No two men in their exteriors could be more unlike than Mr. Chamberlain and Mr. Eden. Actually they have much in common both in nature and mentality.

Of the others Sir John Simon has had a thoughtful holiday in which he has frequently contemplated his coming budget from the depths of a bunker. Mr. Hore-Belisha has enhanced his reputation and enlarged his collection of press cuttings. Dr. Burgin has examined the roads from the air and has counted the dead. Something is simmering in that first-class brain, but with the habits of secrecy imposed upon him by long years at the Board of Trade he still conceals his thoughts.

However, we are to have a preview of our stars before they take the centre of the stage. On the eve of the opening we shall all once more climb Mount Everest in the form of the famous stairway at Londonderry House.

• • •

Doctors' Dilemma

The medical profession generally has been having some rough things said and written about it recently. Sir Bruce Bruce-Porter who has the gift of speaking in headlines assailed the general practitioner last week in these terms:

> The family doctor is often made to perform operations for which he is not in the remotest degree equipped.
>
> He has to treat diseases he knows nothing about.
>
> He has to operate on any person he can find to operate on.
>
> He has to make great decisions on things be can only vaguely remember.

With these uncomfortable thoughts in my mind I was interested to find myself, at a luncheon, between R. C. Sherriff of "Journey's End" and Dr. A. J. Cronin whose novel "The Citadel" branded Harley Street as something between a confidence swindle and a bucket shop. So popular is the quality of denunciation that when I sailed in the Queen Mary in August almost the entire passenger list were entrenched behind copies of "The Citadel." It made my book "Gone With the Wind" look as out of date as "Tom Brown's School Days."

Dr. Cronin is a strange study. He is a young looking man even for his years which are not yet 40 He is in fact a full blooded, blond type that usually prefers to live than to write about it. Somewhere in his nature there is a lurking resentment against things. Like Mr. Thomas Farr, of Wales, he clings to the memory of his hardships and will not willingly forgive the world that is laying treasure at his feet. Also like Mr. Farr he has a keen appreciation of the relation of money to art. These two fight and write not so much for posterity as for prosperity.

• • •

From Medicine to Letters

Dr. Cronin was born in a Dumbartonshire hamlet and studied medicine at Glasgow University taking his M.D. with honors and his M.R.C.P. (London). His first practice was in South Wales which not only gave him his first contact with the grim realities of mining life but no doubt awakened his emotional nature generally. (In "The Stars Look Down" he combined the humanitarian zeal of Dickens the reformer with an almost unrestrained sensuality.)

Later he settled in Kensington where he apparently took a low view of doctors and medicine generally. At any rate he decided that the life was killing him and took the gamble into letters. Success was immediate and substantial. Dr. Cronin will be a rich man. I hope that he will continue to refuse to be mellowed by success. With so many falsetto authors about we can do with a roaring baritone like Cronin. He is a crusader left behind by some forgotten century. There is a sweep about his writing which is on the grand scale. His characters are vivid, human, mean, frail and noble. They are caught by the swirl of passion in a muddy torrent. They are never puppets, nor is Cronin one. I believe that there is something more lasting than commercial success in his work. There is a significance about his books which may go deep. Unless Hollywood, the graveyard of modern letters, claims him for its own.

• • •

A Visiting Premier

It is not possible for the Prime Minister of Jugoslavia to visit London without causing a flutter in the whispering gallery of the diplomatic world. Doctor Stojadinovitch would attract attention even if he only came to enjoy our October sunshine, but it would be futile to deem that the chief purpose of his visit is to discuss international affairs. A European statesman who would not discuss world events under such conditions would be more improbable than a visiting film actress who would not discuss herself. When Dr. Stojadinovitch was 33 M. Poincare called him the ablest economist in the Balkans. Now that he is 47 there is much to justify that eulogy. His early training in a British bank in Belgrade and in London was a good beginning and he proved his capacity by stabilizing the dinar when European currencies were caught in the blizzard of 1923.

His attitude toward this country was publicly declared last month when he said in the Jugoslav Chamber: "Jugoslavia has had many proofs of British friendship for our country. Our relations with Great Britain, in both the economic and political fields, have never been as good as they are today." This was regarded as the end of the "flirtation" which had been going on with Germany. Certainly it had a marked effect on the Balkans.

Dr. Stojadinovitch strongly opposes any restoration of the Hapsburgs and sternly represses any romanticizing of that tragic and historic family within the frontiers of his country. On the other hand, he is working ceaselessly for an understanding between Czechoslovakia, Austria, Hungary and Jugoslavia. Thus do the Balkan States loom up in the unaccustomed rôle of guardians of the peace.

Eighteen months ago Dr. Stojadinovitch, who sits for a Montenegrin constituency narrowly escaped assassination. For that reason he is being closely guarded upon this trip. His one regret, confided to an English friend, was that he could not attend the big prize fight in Glasgow last week. Every morning he has a few rounds with a professional who once informed the newspapers that the Premier's "right hook was terrific." Which suggests that politics may have robbed the ring of a potential champion—or that boxing has robbed politics (in the person of the professional) of a first rate diplomat.

At any rate our distinguished guest can rest assured that the epic bravery of his countrymen in the war is still green in the hearts of the British people.

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Brazilian Net Rises Sharply

But Recent Fall of Milreis Is Adverse Factor

Net earnings of Brazilian Traction, Light & Power Co. show an increase of nearly 25% for the first nine months of 1937 compared with the same period last year. If this gain were carried into final net for the 12 months, it would bring earnings to about $1.10 a share compared with 88 cents a share in 1936.

While earnings are affected materially by changes in the company's business volume in Brazil, the published figures are also influenced by exchange rates for Brazilian currency. Brazilian milreis are received by the company in payment for services, but shareholders are chiefly interested in earnings in dollars or sterling. Thus, the company's monthly earnings are translated into dollars at different exchange rates from time to time. Even then, however, the company is not able to transfer freely its earnings in Brazil into such currencies as dollars and pounds sterling.

Comparative figures for September and the nine months follow:

	1937 $	1936 $	Incr. %
Sept.:			
Gross earn.....	3,517,667	2,828,576	24.36
Oper. exps. ...	1,530,991	1,262,995	21.22
Net earnings..	1,986,676	1,565,581	26.90
9 mos. end. Sept. 30:			
Gross earn. ..	29,183,469	23,600,598	23.66
Oper. exps. ..	13,022,062	10,659,340	22.17
Net earnings..	16,161,407	12,941,258	24.88

The substantial gain in earnings this year is partly due to higher quotations. This year the milreis held above six cents until recently. This compares with 5.95 cents at the close of 1936 and 5.48 cents at the end of 1935. In the last few days, however, the Brazilian currency unit has declined sharply, and continuation of quotations below six cents would be adverse for earnings in the remaining months of 1937.

One of the encouraging features of the company's earnings reports is that operating expenses have not increased at as great a rate as gross revenues. Compared with a rise of 23.66% in gross for the nine months, expenses advanced 22.17%. In dollars, the difference is that gross earnings rose $5.6 millions while expenses rose only $2.4 millions. The difference of $3.2 millions represents most of the gain in net.

In addition to reflecting the effects of higher exchange rates this year, the earnings indicate increases in the company's business in Brazil and efficient operations.

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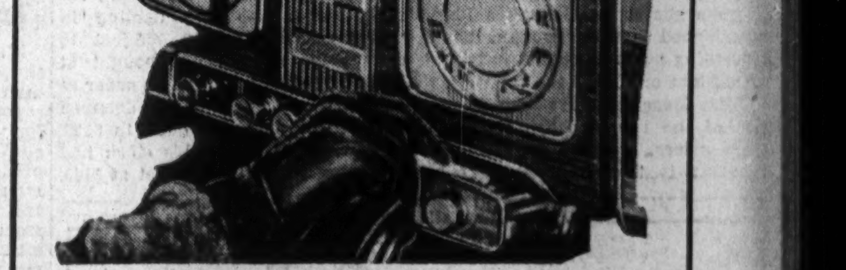

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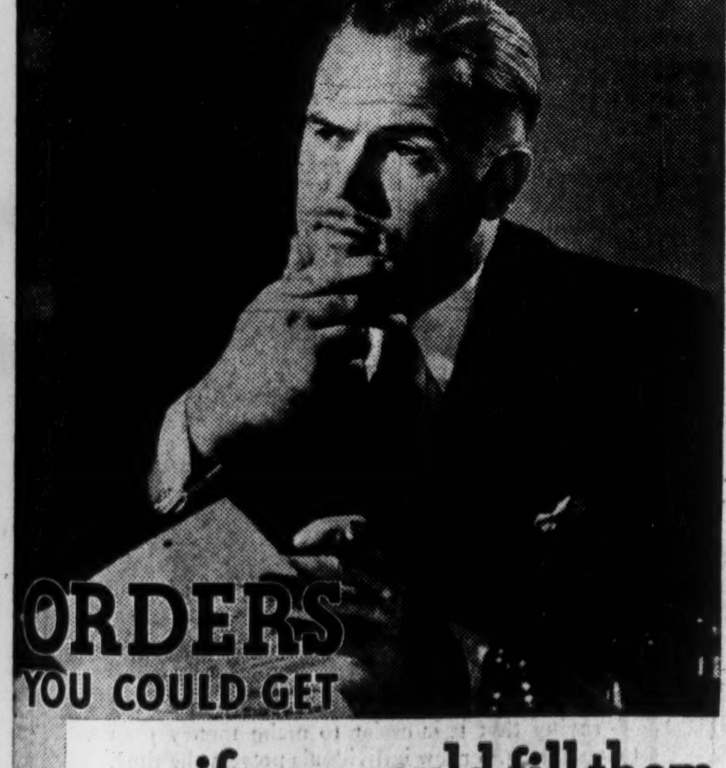

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Investment Trends

Severity of Decline Gives Scope for Rise

Normally Substantial Rebound Would be Expected to Follow Two Months Decline — But Firmness of Markets Not Yet Established

Calculation of the proportion of the slump of stock prices this year makes it look like a depression.

Lowest closing levels of market averages for industrial shares on Oct. 19 and Oct. 20 were: Montreal Stock Exchange index, 66.2; Toronto Stock Exchange average, 115.1; Dow-Jones average, New York, 125.7. At those levels, the declines from the year's highest points were respectively: 45.8%, 38.7% and 35.3%.

Recently prices have been churning around low levels, and it has not been established that a temporary or a lasting bottom has been reached for the decline. Normally there would be a rebound of substantial proportions, perhaps running over several weeks, following such a severe decline as that from Aug. 14 to Oct. 19. Such a rebound, however, might be misleading to the investor and could be followed by another decline to previous low levels. In other words, proof from such a secondary decline may be required to indicate whether a solid foundation has been established for a turn in the trend of prices which has been downward since last March.

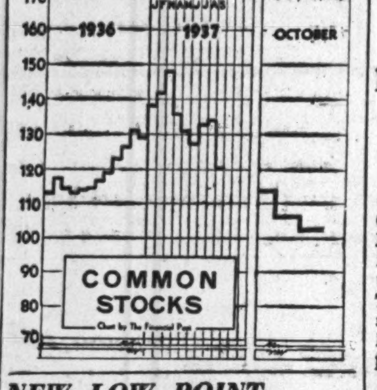
While much of the selling of stocks in Canadian markets has come from overextended speculative accounts, there has been some big money entering the market on the buying side. Around the low points of the recent break, there were large orders for Consolidated Mining and Smelting and for St. Lawrence Corp. class A stock. This buying was for investment, rather than of the "support" character, and represented part of a large block of purchases.

There has been a large volume of buying in odd lots in New York which is not regarded as impressive investment. Occasional reports suggest, however, that the quality of buying orders has been improving, although the most impressive orders are said to have been at prices below the depths recently plumbed.

Market Theories

The recent slump of stocks has caused a good deal of sceptical comment about the Dow theory of interpreting market movements. The theory has many followers in Canada because of the close relationship of our markets to Wall Street to which the theory is applied.

A few weeks ago, The Financial Post presented comments by two interpreters of the theory, one of whom predicted lower prices and the other being inclined to the view that there was more likely to be a halt in the decline. Events have borne out the first interpretation, and have shown that even the best theories are only as good as their interpretation. Yet most of the theorists were able to say last April that the month-to-month trend of share prices had turned downward definitely.



NEW LOW POINT

Dominion Bureau index of common stock prices dropped to 102.2 for the week ended Oct. 21, a new low for the past two years. Subsequently, there has been some recovery. Comparative indices are tabulated on this page.

• • •

Dealing on 10% Swings

A simple principle for the investor in stocks was recently presented in The Financial News, London, as follows: Buy stocks only after a 10% rise in the general level of share prices, and sell only after a 10% decline. The idea is that after there has been a 10% rise it is fairly clear that prices are moving upward and the investor should get in on it, and after there has been a 10% decline it is time to recognize that prices are on the way down and it is time to get out. In brief, it is an attempt at a simple rule for the investor to participate in major swings in prices and to avoid the dangers of looking for profits in minor price movements.

Analysts of the scheme say it would have worked profitably over the past generation. In Canadian markets this year, one result would have been that the investor would have sold his stocks about the first of May. Last week's brief but sharp recovery of prices raised the averages over 10% so he would now be reinvesting.

One thing is made clear from these formulae, and that is the inevitable wide swings in capital value of common share investments. Hence the need for liquid bonds in every investor's portfolio.

• • •

Investor Insurance

It is a good rule for the investor to take time before deciding to purchase securities and this is particularly applicable to investments in common shares. And, says a long-experienced investment man, it is a good thing never to expect to buy at the bottom or sell at the top.

These ideas come forth in discussion of the recent sharp slump of share prices, and the practical application is this: That it may be cheap insurance for the investor to await developments before rushing to buy stocks even at the recent marked-down prices. Taking it for granted that everyone cannot hope to buy at the lowest price, the conservative investor can afford to satisfy his curiosity about whether the bottom has been reached before purchasing. Stock market movements often give the investor a second chance to take advantage of what seem to be low prices.

• • •

Stop-loss Orders

Use of "stop-loss orders" is frequently advocated as a method for the investor to cut his losses and protect profits in common stocks. It works this way: The buyer of shares at $25 each places a stop-loss order to sell at, say, $23; that is, if the shares go as low as $23 the order is to be executed immediately at whatever the price available. The idea is that the loss, if any, is not likely to be more than $2 a share, and if the shares rise in price the investor can hold them as long as he pleases for profits.

Such orders are more often used by speculators than by investors because their value is greatest as protection against short swings in prices. But the speculator sometimes finds the stop-loss more of a danger than a safety valve. We recollect one who was dealing in shares selling at $160, subject to wide price swings. He bought at $160 and entered a stop-loss order at $145. In one day the shares dropped to $144 and bounced back to $160. Meanwhile, however, his stock had been thrown on the market at $145.

Vinyl Resin Plant For Shawinigan

Associated With Fiberloid Corp. in New American Subsidiary

From Our Own Correspondent

MONTREAL.—Shawinigan Resins Corp. has been incorporated as a joint undertaking by Shawinigan Chemicals Ltd. and the Fiberloid Corp. of Springfield, Mass.

Shawinigan Resins is now erecting a plant adjacent to the Fiberloid plant for the manufacture of vinyl resins produced under patents owned by Shawinigan Chemicals Ltd.

It is understood that several of the larger chemical corporations are interested in manufacturing these resins, which are the raw materials for the making of plastics under the basic patents owned by Shawinigan Chemicals.

Hold Basic Patents

For some years past the research department of Shawinigan Chemicals has been carrying on extensive experiments and development work in the vinyl acetate resin field. Arising from this, certain basic patents have been issued to the company covering the material and process involved in the manufacture of such resins.

Commercial development has already taken place at Shawinigan Falls, and resins of this type are being sold in increasing quantities and are being used by different industries requiring a resin of unusual toughness and strength.

Shawinigan Managing Officials

J. B. Challies

R. J. Beaumont

James Wilson

Who has been appointed vice-president and general manager of Shawinigan Water & Power Co., has for some time been secretary-treasurer and a director. Assistant general managers of Shawinigan Water & Power Co. are Messrs. Beaumont, Challies, Gregory and Morse.

John Morse

P. S. Gregory

Quebec Plans Bond Issue

City's Tax Collections Continue to Show Improvement

From Our Own Correspondent

MONTREAL.—L. G. Beaubien & Co. Ltd., Montreal investment firm, has been asked by Quebec City to head a syndicate to offer an issue of $4,591,000 of Quebec bonds.

Details of the issue are not available, but it is understood that it will be divided between short term serial bonds and medium term sinking fund bonds. Cost to the city will not exceed 4% and it is possible that a portion of the loan will be taken up by the city's sinking fund.

The purpose of the issue is to liquidate bank loans incurred to meet deficits, unemployment relief, capital expenditures and bond maturities for which sinking funds were not adequate. The sum of $374,466 is being borrowed to meet capital expenditures for which no bank loans have been incurred.

Will Reduce Bank Loans

At the present time bank loans of the city amount to $8.5 millions and on completion of the financing they will amount to $4.3 millions. Furthermore current account shows a deficit of $2.3 millions and this will be converted into a surplus of over $1 million.

In the year ended April 30, 1937, the deficit of the city including unemployment relief totalled $704,771, but this was much better than had been anticipated. Deficit on current account, exclusive of relief, amounted to $235,695 as against a deficit of $631,190 estimated by the budget. This reduction was accomplished through close control of expenses, actual expenditures amounting to $4.6 millions as against anticipated expenditures of $4.9 millions.

Tax Receipts Improve

Tax collections in the 1936-37 fiscal year showed improvement over the previous year, current tax collections amounted to 67.8% of the levy as compared with 65.4% in 1935-36. Total collections, including arrears, amounted to 98.7% of the levy, compared with 97.2% in the previous year.

During the first five months of the current year collections of current taxes have amounted to $1,117,526 and of arrears to $707,306, making a total of $1,824,832. This compares with current collections of $167,096 and arrears of $671,438, a total of $838,534, in the corresponding period of 1936.

Tax arrears, after reserves, total $4.1 millions. Reserves against tax arrears total $885,000 which is in excess of the amount of arrears owing for years prior to 1933-34.

Quebec Power Company

Quebec Power Company produces and distributes electric power and gas in the City of Quebec and adjacent territory. The Company is controlled by the Shawinigan Water and Power Company, one of Canada's largest power enterprises.

Earnings during the current year have shown improvement over 1936, when interest charges were earned 2.69 times after depreciation.

Quebec Power Company
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Abitibi Case In the Courts

Hearing Completed on Validity of Bond Mortgage

Hearing was completed this week of action against the Montreal Trust Co., as trustee for bonds of Abitibi Power & Paper Co., in which the liquidator of the company contended that the bond mortgage was invalid. The trustee, as plaintiff, asked for a declaration that the bondholders have a first mortgage on Abitibi properties.

Mr. Justice Courtney Kingstone of the Supreme Court of Ontario stated at the conclusion of the hearing that he considered the matter one of considerable importance and that he therefore would not deliver a summary judgment. He added, however, that he would give the case his immediate attention.

Following judgment on the question of the validity of the mortgage, it is expected that an early application will be made to the Supreme Court for sanction of the plan of reorganization recently approved by Abitibi bondholders. The plan is in the form of a judicial sale and is sponsored by the Bondholders' Representative Committee, headed by J. P. Ripley.

The Representative Committee's plan has been opposed by a Bondholders' Defensive Committee headed by Sir Henry Drayton. In a letter to bondholders, the Defensive Committee expresses the intention of following the plan through the courts, and doing everything it can "to prevent its adoption." The letter states that modifications of the plan made at the bondholders' meeting leave the income debentures non-cumulative for 10 years and that the change in amount of the prior lien is almost negligible.

Hunt's Ltd. Sales Rise $164,848 in 36 Weeks

Hunt's Ltd. reports sales for the first 36 weeks of 1937 at $913,556, an increase of $164,848 from the $748,708 for the corresponding period of 1936. Net profits are stated by the president, H. W. Hunt, to be running well ahead of last year and the company is enjoying its best year in the past five. Space needed to enlarge the factory is being secured by utilizing an adjoining garage and no capital expenditure is necessary.

Investment Notes

M. & O. Paper—The company's showing this year has been better than interpretations of the trustees' report have suggested. The report for the period up to June 20 makes allowance for depreciation and depletion, although these deductions are not shown separately in the sales and earnings figures. Earnings amounted to 41% of the bond interest accruals for the period. But that was after depreciation and depletion allowances rather than before those deductions. It is a big difference and an encouraging one.

• • •

International Nickel—National Bond & Share Corp., American investment trust, shows reduction from 10,000 to 7,500 shares in holdings of International Nickel in the three months ended Sept. 30. Like Lehman Corp., another of the large investing companies to report recently, it was a net seller of common shares in the period.

Celanese Profits Holding Up Well

From Our Own Correspondent

MONTREAL. — Canadian Celanese Ltd. sales for the year to date are reported to be well up to the 1936 total. During the first half of the year gross earnings were slightly ahead of the like period in 1936. This condition has since prevailed and, depending upon returns for the last quarter, common share earnings for 1937 are expected to be as large, if not somewhat larger, than in 1936 when $2.54 a share was reported.

Currently the company is paying a dividend of 40 cents quarterly. Marketwise, Canadian Celanese stock has been inactive, selling in the neighborhood of 19½.

Great Lakes Power Income Increases

Great Lakes Power Co. shows earnings for the nine months ended Sept. 30 sufficient to cover bond interest 3.3 times after depreciation.

Interest on first mortgage bonds was covered 3.2 times in the corresponding period of 1936.

Increased operating revenues reflect high activity in industries in the Sault Ste. Marie area, but higher expenses and taxes offset much of the gain.

Comparative income figures, released by McLeod, Young, Weir & Co., are as follows:

Earnings Statement
Nine Months Ended Sept. 30

	1937 $	1936 $
Oper. revenue	687,145	629,748
Less: Oper. exps.	116,080	86,934
Taxes*	78,913	64,883
Net oper. rev.	492,152	477,931
Add: Other income	32,299	35,164
Net revenue	524,451	513,095
Less: Depreciation	80,946	81,068
1st mtge. int.	135,466	135,466
Bal. for other int.	308,039	296,561

* Not including Dominion income tax.

Lower St. Lawrence Shows Higher Income

Lower St. Lawrence Power Co. shows earnings for the first nine months of 1937 covering bond interest 1.6 times after depreciation. This is approximately the same coverage as in the corresponding period of 1936, but this year depreciation has been charged at a higher rate.

Comparative figures as released by McLeod, Young, Weir & Co. are:

Earnings Statement
Nine Months Ended Sept. 30

	1937 $	1936 $
Income from oper.	217,653	203,223
Less: Op. exps. & taxes	95,937	96,089
Net earnings	121,716	107,134
Less: Depreciation	37,800	27,000
Interest	52,500	52,500
Net profit	31,416	27,634

Power Corp. Group Record Increase in Production

From Our Own Correspondent

MONTREAL. — Companies controlled or affiliated with Power Corp. of Canada report an output of power in September of 193,988,233 kw.h. This contrasts with a comparative figure of 184,904,032 kw.h. for last year.

Comparative figures for the six reporting companies follow:

	September 1937	September 1936
Southern Can. Pow.	15,745,540	18,663,510
Can Northern Pow.	53,795,965	48,774,892
East Kootenay Pow.	8,566,688	7,376,844
B. C. Power	47,417,984	44,173,378
North. B. C. Power	953,156	927,808
Winnipeg Elec. Co.	67,508,900	64,987,600
Total kw.h.	193,988,233	184,904,032

McColl Issues Stock Rights

Will Issue an Additional 132,000 Common Shares

From Our Own Correspondent

MONTREAL. — Common shareholders of McColl-Frontenac Oil Co. are being offered the right to subscribe for additional shares at $10 a share on the basis of one new share for each five shares held. Rights will expire on Dec. 10.

At the present time there are 660,000 common shares outstanding which means that 132,000 common shares are being offered for subscription. Arrangements are being made for an investment firm to take up any part of the 132,000 shares not subscribed for by shareholders so that the total number of shares outstanding will be increased to 792,000 shares.

To Reduce Bank Loan

Proceeds from the sale of the additional shares will be used to reduce the company's bank loan which was incurred last year in connection with development of the company's oil properties in Trinidad. Bank loans as at Jan. 31 last amounted to $2.1 millions. Sale of 132,000 shares at $10 a share should enable the company to reduce its bank loan by at least $1 million.

Savings in interest charges as a result of reduction in bank loans by $1 million will be more than sufficient to cover dividend requirements on the new shares on the basis of the present dividend rate of 40 cents a share.

Crow's Nest Pass Coal Surface Plant Burned

Fire destroyed the surface plant of Crow's Nest Pass Coal Co. at Fernie, B.C., on Oct. 25, 1937, forcing the company to suspend operations. The plant destroyed included two wet-washing plants, an air-cleaning plant and two tipples. Damage is estimated by officials at several hundred thousand dollars.

The company operates two collieries in the East Kootenay district of British Columbia. Coal production has been increasing in the past few years and amounted to 514,163 tons in 1936 and 444,794 tons in 1935, but this is still much below previous high levels.

Canada Iron Foundries Declares 1½% on Pref.

From Our Own Correspondent

MONTREAL.—Canada Iron Foundries Ltd., has declared a semi-annual dividend of 1½% on the company's 6% non-cumulative preferred stock for the half year ended June 30, 1937, payable Nov. 15 to holders of record Oct. 31.

Dividends paid on the preferred stock during 1936 totalled $4 a share, of which $1.50 was paid in the first half and $2.50 for the second half.

Payments totalled $3 a share, or 3% in respect of each year from 1932 to 1935 inclusive.

National Biscuit Co. Profits Show Decline

Net profits of National Biscuit Co for the three months ended Sept. 30, were $3,309,739, after depreciation and income tax, but before allowing for U. S. surtax on undistributed profits. The earnings amount to 46 cents a share on the common, after allowing for preferred dividends, compared with 51 cents a share in the corresponding quarter of 1936.

For the nine months ended Sept. 30, net profits totalled $8.7 millions or $1.18 a share compared with $9.6 millions in the corresponding period of 1936 or $1.33 a share.

Simard Joins Bathurst Board

From Our Own Correspondent

MONTREAL. — Joseph Simard, president of Consolidated Marine and associated with a number of other corporate enterprises, has been elected to the board of directors of Bathurst Power & Paper Co.

Bond Sales

Vancouver and District Joint Sewerage and Drainage Board

Unconditionally guaranteed by the Province of British Columbia, an issue of $250,000 serial 4% debentures, maturing Oct. 1, 1938, to 1962, is being offered by the board. Prices of the offering are as follows: maturities from 1938 to 1943, to yield 3.50%; 1944 to 1957, from 3.85% to 4.30%; 1958 to 1962, 4.35%.

The district comprises the cities of Vancouver and New Westminster and the district of Burnaby. The board does not operate for a profit but its expenses are assessed against the municipalities in which it owns the main trunk sewers. Sinking funds have never been short and the province has never been called on to assist under its guarantee.

American Cyanamid Earnings Increase

American Cyanamid Co. reports net profits equivalent to $1.68 a share for the class A and B stock in the nine months ended Sept. 30. This compares with $1.11 a share in the corresponding 1936 period. For the third quarter, earnings were 55 cents a share against 43 cents in the 1936 period.

Comparative figures follow:

Consolidated Income Account
Nine Months Ended Sept. 30

	1937 $	1936 $
Net oper. profit	8,241,970	6,049,836
Add: Other income	542,045	545,794
Total income	8,784,015	6,595,630
Less: Deprec. & depl.	2,026,737	1,720,711
Research & process develop. exps.	1,289,106	1,089,344
Int. & amort.	313,163	306,980
Fed. income tax	869,052	612,628
Minority int.	49,960	62,701
Net income	4,235,957	2,803,266

Note:—Net income, shown above, does not include the company's equity in the undistributed net income of certain affiliated companies in which the company does not have a majority interest. The 1937 figures are subject to any adjustments necessary at the end of the year.

Zellers Declares Dividend On New Preferred Stock

From Our Own Correspondent

MONTREAL.—Zellers Ltd., operators of a chain of variety stores in Canada, has declared a dividend of 1½% on 5,425 preferred shares, of a par value $100 each, now represented by 21,700 preferred shares of a par value of $25 each, and a dividend of 1% on 8,300 preferred shares of the par value $25 each, outstanding since Sept. 1. Payment will be made on Nov. 1 to shareholders of record Oct. 15.

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Secretary-Treasurer Wanted

APPLICATIONS WILL BE RECEIVED for the dual position of Secretary-Treasurer of the Canadian Pharmaceutical Association and Editor of the Journal. Apply stating qualifications to The Canadian Pharmaceutical Association, 43 Victoria Street, Toronto.

CANADA TAKES TO THE AIR

The great strides made by commercial aviation in Canada—the vital part played by air transport in the northland—a comprehensive review of aerial activity in the Dominion and a detailed map showing scheduled air routes in operation during 1937—these are features of the current issue of our quarterly publication "Investments". Canada indeed has 'taken to the air'—already she leads the world in aerial transport of freight and express. Past developments and future possibilities of Canadian aviation are fully discussed in this interesting issue of "Investments."

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Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 6	Milling 4	Oils 4	Textiles and clothing 10	Food and allied prod. 13	Beverages 7	Bldg. mater. 14	Power and traction 15	Banks 9	Total utilities 19	Total co's. 96
1929-36:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	205.4	281.1	197.6	131.7	166.0	196.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1937:												
Jan.	156.3	37.2	119.6	229.6	77.3	184.2	141.0	197.0	91.1	94.4	68.5	137.4
Feb.	163.4	36.7	120.7	235.2	78.5	188.2	139.3	203.5	97.5	96.7	73.1	142.4
Mar.	168.3	40.2	127.0	247.7	80.2	190.0	141.8	213.4	94.7	95.9	71.0	147.2
Apr.	157.5	47.1	117.4	230.4	79.9	182.4	133.4	204.8	85.1	94.0	64.1	136.2
May	151.3	38.5	109.4	229.6	77.5	178.5	128.4	188.4	84.0	92.7	63.0	132.2
June	148.1	38.2	103.7	220.2	77.7	177.7	131.0	179.6	84.1	92.3	63.2	129.4
July	148.0	40.5	102.0	222.8	79.7	182.1	136.1	188.7	88.0	90.2	63.9	133.0
Aug.	151.2	40.4	95.2	223.6	79.5	182.0	[illegible]	192.7	90.4	89.9	65.2	135.2
Sept.	122.8	29.3	89.1	205.3	73.3	167.9	118.3	159.4	78.6	84.9	57.4	118.9
Weekly Figures, 1937:												
Oct. 7	116.2	26.5	78.4	204.8	71.7	162.3	113.8	145.1	76.8	82.6	55.8	113.6
Oct. 14	107.3	22.4	72.8	196.0	71.2	161.4	107.5	136.8	72.8	82.4	53.0	108.1
Oct. 21	96.5	20.9	66.4	186.6	66.1	149.6	102.1	127.5	67.6	80.5	49.9	102.2

*High and low for years from 1929 to 1936 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Oct. 26	125.69	108.81	112.04
Oct. 25	126.45	108.21	112.85
Oct. 23	124.00	106.86	110.65
Oct. 22	128.84	108.97	113.41
Oct. 21	128.15	109.80	116.12
Oct. 20	125.21	107.58	110.97
Month ago	162.99	124.54	165.84
Year ago	150.92	136.13	155.55
High, 1937	187.67	168.59	218.36
Low, 1937	110.63	96.27	97.01

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Oct. 26	69.2	75.4	73.3
Oct. 25	69.0	76.1	73.7
Oct. 23	69.3	73.7	72.3
Oct. 22	69.7	76.8	74.5
Oct. 21	70.3	77.3	75.0
Oct. 20	67.6	72.9	71.1
Month ago	74.0	85.2	81.5
Year ago	76.8	88.4	84.5
High, 1937	92.5	122.3	109.5
Low, 1937	64.0	61.4	62.3

We announce that Messrs. H. C. Flood, L. P. Beaubien, E. J. De Young are retiring as partners from the Firm of Flood, Potter & Company as of November 1st, 1937.

Mr. T. G. Potter announces the continuation of the business of Flood, Potter & Company at the same address under the firm name of

POTTER & COMPANY

with D. R. Potter, G. F. Heckman, C. Gordon Perry and M. F. Yull as partners.

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Investment Counsel
437 ST. JAMES ST., WEST, MONTREAL

Bond Markets

Dominion Financing Plans Are Watched

Dec. 1 Maturity of $122 Millions Has to be Met—Speculative Bonds Stage Rally But High Grades and Western Provincials Weaker

Plans of the Dominion Government for meeting the balance of the 5½% bond issue maturing Dec. 1 are of considerable interest to bond buyers. A conversion loan offered in May of this year resulted in about one-half of this issue being converted and it is understood that a balance of around $122 millions remains.

No indication has yet been given as to when or in what form the Dominion will appeal to investors for the required funds but it seems reasonable to expect a move in the near future. A large proportion of any new loan will probably be taken by holders of the maturing bonds, for the most part institutional investors.

When the conversion loan was offered early in May the fifteen-year 3¼% bonds were offered at 99 to yield 3.35%. At that time The Financial Post index of high-grade Government bonds was at 112.14 with the yield on the bonds used in the index 3.449%. At that time the cost of treasury bill financing was about .749%. In Sept., 1936, the Dominion sold a 3% perpetual issue at 96.50 to yield 3.11% but at that time The Financial Post index was at 117.75, giving an average yield of 2.981% and the cost of treasury bill financing was .643%. Last sale of treasury bills was at a cost of .696%.

In May, 1937, the bond market was recovering after three months of sharp declines had taken bond prices well below the high point reached at the end of 1936, while in Sept., 1936, the market for high-grade bonds was at an all-time high. Today The Financial Post index is slightly above the level of last May after a slow but steady decline from the level reached in August. This decline has taken the average back almost to the level of January, 1936.

Barcelona Traction Bonds

Ever since the Spanish revolution broke out in July, 1936, those holding bonds or stock in Barcelona Traction, Light & Power Co. have been wondering what will become of their claims on the company's assets in Spain. No interest has been paid on the company's funded debt since June, 1936, and the time when a payment can be made seems at least as far away as ever.

Some interest in the claims of Barcelona bondholders, as well as others holding claims against debtors in Spain, has been revived by the recent announcement by the Government at Valencia, that the vast sums of indebtedness due financial and business interests would be liquidated under a long-term plan of payment. Where the resources to make such a payment are to come from is a mystery.

One possible source might be the gold reserves of the Bank of Spain, the location of which has been unknown since July 19, of last year. At the time of the outbreak of the civil war, gold held by the Bank of Spain was third in per capita amount among the nations of the world, being exceeded only by the United States and Great Britain. These gold reserves aggregated about £90,000,000. Whatever the means that the Loyalist Government in Spain intended to use for payment, its voluntary commitment at this time has occasioned surprise and bewilderment.

* * *

Municipal Refinancing

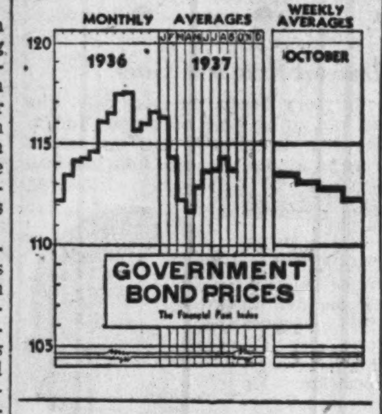
A statement from the Ontario Department of Municipal Affairs indicates that a strong effort is going to be made to place as many as possible of the defaulted municipalities on a sound financial basis. It is understood that the aim of the department is to have all defaults cleared up within two years and that a substantial number can be expected in the next five or six months. This programme of course, is dependent on general prosperity in the provinces at least maintaining the present level.

Progress is also being made in other provinces. Holders of more than the required 60% of the outstanding debt of Edmonton have signified their approval of the plan that has been proposed and a recommendation is prepared for presentation to the board of public utility commissioners. Debenture holders have just received details of a plan for Victoria and a report is being prepared on Moose Jaw and Brandon preparatory to suggesting needed relief.

* * *

Bond Index

Many of the more speculative bonds have staged good rallies from the low levels reached early last



week. Beauharnois 5% bonds are now quoted over 60 compared with about 58 on Oct. 17. The paper bonds have also recovered much of the loss suffered at the same time.

Among western provincial issues, Alberta 4% bonds have been quoted below 50, a loss of about two points in the week. Other Alberta issues have dropped in proportion. Saskatchewan bonds have suffered an even more severe decline with the 4% bonds quoted below 60, a drop of about four points.

Highest grade of corporation bonds have recently moved in a manner closely allied to movements of the best grades of Government bonds. A moderate decline has taken place but these issues have shown great resistance to the demoralized condition displayed by the stock market of the past few weeks.

Actual course of high-grade Government bonds is shown by the following index:

Average Price and Yield For Seven High-Grade Government Bonds

1937	Price $	Yield %	1936	Price $	Yield %
Oct. 26	112.62	3.359	Oct. 26	115.23	3.209
Oct. 25	112.71	3.353	Oct. 24	115.39	3.185
Oct. 23	112.71	3.350	Oct. 23	115.39	3.185
Oct. 22	112.71	3.350	Oct. 22	115.43	3.183
Oct. 21	112.81	3.344	Oct. 21	115.36	3.194
Oct. 20	112.77	3.349	Oct. 20	115.70	3.173
Year's	116.81	3.206	Year's	117.91	2.966
Range	111.60	3.505	Range	111.50	3.597

St. Lawrence Corp. Pays $1 a Share

Receives $1.12 a Share on Brompton Common Stock

From Our Own Correspondent

MONTREAL.—St. Lawrence Corp. has declared a dividend of $1 a share on its class A stock, payable Nov. 15 to shareholders of record Nov. 1.

This will be the first dividend paid by the company since April 15, 1931. It represents the balance of 25 cents which is owing on the dividend due April 15, 1931, 50 cents which was due on July 15, 1931, and a payment to the extent of 25 cents on the dividend due Oct. 15, 1931. Arrears of dividends following payment of $1 a share on Nov. 15 will total $12.25 a share.

Brompton Pays Dividend

Declaration of the dividend reflects improvement in the newsprint situation and is made possible by the payment of a dividend on the common stock of Brompton Pulp & Paper Co. of $1.10 a share. Brompton is a wholly-owned subsidiary of St. Lawrence Corp.

From the Brompton dividend, St. Lawrence Corp. received $336,000, of which $297,635 will be paid out as a dividend on its class A stock.

Declaration of $1.12 dividend by Brompton indicates higher earnings and a further gain in an already strong cash position. Last year the company earned 39 cents a share, compared with a deficit equivalent to 30 cents a share in 1935.

Brown Survey Shows Timber At High Value

Engineers Recommend Outlay on La Tuque and Berlin Plants

COMMITTEE VIEWS

From Our Own Correspondent

MONTREAL. — Brown Co.'s timberlands in both the United States and Canada have an estimated present value of $32 millions, as against a book value of only $10,980,000, according to a report made by the engineering firm of Coverdale & Colpitts filed in the Federal Court at Portland. This report was ordered by Federal Judge Peters to assist in considering reorganization of the company.

Other highlights of the report were:

An estimate that net income after interest charges in 1937 will total $1,338,000.

Forecast that 1938 net earnings will reach $4,210,000.

Recommendation that $2,968,000 be expended on plant improvements at Berlin, New Hampshire, and that an additional $723,250 be spent to carry out deferred maintenance there.

Report on Expansion

Statement that expenditure of $4,825,000 to $4,950,000 for expansion of the company's Canadian subsidiary at La Tuque, P.Q., would double that plant's output of wood pulp from 300 tons daily to 600 tons.

The report of the engineers stated that the proposed expansion at La Tuque would increase net income by $3 millions annually on the basis of the 1938 price of sulphite pulp at $80 a ton.

The report said that in addition to the $4,950,000 needed for expansion at La Tuque, another $2 millions would be needed for working capital requirements.

Basis of Forecast

The forecasts of 1937 and 1938 net income were both given after deduction of interest, normal depreciation and depletion, and provision for income taxes. However, an additional $1,018,000 would be deducted each year to cover reorganization costs and to provide a large arbitrary addition to depreciation and depletion.

The recommendation that nearly $3 millions be spent on the Berlin mills of the company was contained in a supplemental report by Hardy S. Ferguson & Co., engineers, filed in conjunction with the Coverdale and Colpitts report. It further stated that these improvements should produce a net revenue of $1,206,000 a year.

In view of the widespread discussion that occurred after the company filed a plan of reorganization two months ago, this statement as to the expansion possibilities at La Tuque and Berlin will probably be viewed as particularly significant. The company's plan proposed issuance of $6.5 millions of bonds on the Canadian property.

President Asks Support

Herbert J. Brown, president of the Brown Co., in commenting on the Coverdale and Colpitts survey, said:

"The findings of the Coverdale and Colpitts report substantiate the reorganization plan submitted to the court by the company. It should now be evident to all financially interested parties that the company's reorganization plan was submitted with a full and accurate knowledge of the company's present position and future earnings prospects.

Committee is Opposed

In a letter sent out to the bondholders last week, the protective committee under the chairmanship of Charles Francis Adams, advised the bondholders that the plan as presented is not sound nor practical.

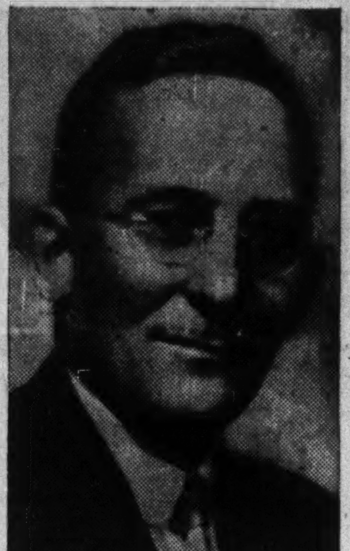
"It is the opinion of the committee," the letter goes on to say, "that the company's plan is predicated on optimistic hopes rather than on the realities of the situation. The committee feels that the current improvement in earnings is gratifying and that the immediate prospects are encouraging. Yet, the committee also feels that the record of seven years of losses previous to this year cannot be disregarded in the hope that the company will be immune in the future from fluctuations in business. Overoptimism is only likely to result in the recurrence of troubles such as those which have just been experienced."

Potter and Associates Form Brokerage Firm

From Our Own Correspondent

MONTREAL — Announcement is made that H. C. Flood, L. P. Beaubien, and E. J. DeYoung are retiring as partners from the firm of Flood, Potter & Co., as of November 1, and that the business will be continued at the same address under the firm name of Potter & Co.

The firm of Potter & Co., members of the Montreal Stock Exchange, Montreal Curb Market and Toronto Stock Exchange, will be headed by T. G. Potter and will have the following partners: D. R. Potter, G. F. Heckman, C. Gordon Perry and M. F. Yull.



CHARLES B. SHIELDS

J. MILTON CORK

New Loblaw Manager Helped to Build Chain

Charles B. Shields Joined Groceteria Founder in 1919

By B. T. HUSTON,
Editor, Canadian Grocer:

One day in 1919 the late Theodore P. Loblaw entered a store on Queen Street West, Toronto, and announced to the surprised proprietor: "You are now in the groceteria business with me." The man was Charles B. Shields, who had a lease on the store and who recently was made general manager of Loblaw Groceterias Co., operating 112 self-serve grocery stores in Ontario.

Mr. Shields has been a director almost since the first store was opened, vice-president in charge of store operations since 1928, and until lately assistant general manager. He now becomes general manager, succeeding J. Milton Cork, president of the company, who wants to be relieved of certain duties and responsibilities.

The business experience of the new general manager dates back a long time before 1919. Born in the small village of Rutherglen, Nipissing district, Ont., in 1884, Mr. Shields got his early retail business training in a general store in the country where for five years he was a sales clerk. Realizing in 1908 that Toronto's expansion offered new opportunities in merchandising, he purchased a grocery business in the Parkdale district.

First Meeting

I remember Mr. Loblaw recalling that he had never met Mr. Shields before that day in 1919 he walked into his store. He was interested in the location for the first Parkdale unit. When he discovered Mr. Shields had come to Toronto from the north country to make his way in the big city (as he had done himself), he felt he could not go far astray in including in his new enterprise one who had developed such an attractive business.

The new executive rapidly showed his capacity to assume responsibilities in the building up of the company's unique system of merchandising and in choosing key-store locations. As the years went by his work broadened out. He showed adaptation to store construction and layout, location of equipment and departments, and so it was that in 1928 he was made "vice-president in charge of operations." The leadership shown by the company in developing in later years modern-type markets which have been rapidly taking the place of the former straight grocery stores, has undoubtedly justified the confidence placed in his ability. Today some 70 of these market stores are operating and constantly being improved.

Mr. Shields's business ability is evidenced by his inclusion on the directorates of other concerns. He has been a director of the Canada Bread Co. since it was reorganized and is also a director of the Great Lakes Paper Co. Among financial men he is credited with being a shrewd investor. He is a member of the Toronto Board of Trade and at one time was on the Board of Education of Forest Hill Village, where he lives. He has been keenly interested in sports and is fond of hunting and fishing. He is a member of the Royal York Golf Club, and the Eglinton Hunt Club.

New Assistant Manager

Justin M. Cork, who follows C. B. Shields as assistant general manager of Loblaw Groceterias Co., is a son of the president, J. Milton Cork. Justin Cork has been actively connected with the business since 1921 when he was in his teens. He has taken a prominent part in the buying and merchandising and has been a director for the past year.

When he was at the University of Toronto Schools, 16 years ago, Justin Cork was a keen hockey player. He is remembered for an oral composition explaining the working of groceterias which his father was then opening in partnership with the late T. P. Loblaw. Most of his fellow students had never even seen a groceteria.

Dryden Paper Earnings Rise

Earnings Before Bond Interest Estimated at $295,000

From Our Own Correspondent

MONTREAL.—Dryden Paper Co. is expected to report earnings of $295,000 for the fiscal year ended Sept. 30 before allowing for bond interest and depreciation. This compares with earnings of $162,237 for the previous year.

For the final quarter operations maintained the improvement reported in the third quarter when net earnings, after bond interest but before depreciation, amounted to $72,000.

No estimate can be made of net profits, since it is not known what amount the company will provide for depreciation. No depreciation has been set aside since 1930 when $100,000 was charged. In the year ended Sept. 30, 1936, the sum of $9,353 was provided for depletion.

Conduits National Co. To Pay 25c a Share

A dividend of 25 cents a share has been declared on common stock of Conduits National Co., Toronto, payable Nov. 1 to shareholders of record Oct. 22. It is the first common declared.

The dividend compares with earnings in 1936 equivalent to 39 cents a share on the 160,800 shares of common.

Tor. Elevators Profits Higher

Earns $2.25 a Share After Doubling Outstanding Common

Marked changes are recorded in the statement of Toronto Elevators Ltd., and its subsidiary, Sarnia Elevator Co., for the year ended July 31, 1937, as compared with the 1936 report. The changes are mainly due to redemption of the 7% preferred and issue of new 5¼% preferred stock.

Earnings amounted to $6.49 per $50 share of 5¼% preferred, or well over twice the annual dividend requirements of $2.62½. Per share earnings on common showed a decline because of the greater amount of stock outstanding. Net profits were $2.25 a share on 52,318 shares compared with $3.20 a share on 25,426 shares last year. In total the net profit showed a gain of $9,347.

G. C. Leitch, president, comments that the refinancing of the 7% preferred has meant a material saving in preferred dividend accruals and substantial improvement in the company's financial position. There were 14,858 shares of 7% preferred of $100 each outstanding, but 9,106 of them were converted into 27,318 common shares prior to redemption date. Hence a substantial portion of proceeds from sale of $1.5 million of new 5¼% preferred went to improve the company's working capital.

The improvement of $497,392 in working capital is explained by Mr. Leitch as follows:

	$
Funds Provided:	
Operating profit after inc. tax ..	194,635
Depreciation charges, net	126,087
Cash from sale 30,000 5¼% pfd.	1,500,000
Total	1,820,722
Applied as follows:	
Redempt. 7% pfd. & exps. of issuing 5¼% preferred	718,537
Repayment of building loan	330,000
Reduction city of Sarnia loan ..	35,788
Expend. on fixed assets	69,393
Preferred dividends	77,053
Common dividends	77,774
Increase in prepaid exps.	9,513
Ont. 1936 corporation tax	5,302
Total applied	1,323,330
Increase in working capital	497,392

Comparative income figures follow:

Consolidated Income and Surplus Account Years Ended July 31

	1937 $	1936 $
Net earnings	392,279	385,312
Less: Prov. for deprec.	128,727	124,526
Interest	28,892	42,209
Income tax res.	40,025	33,289
Net profit	194,635	185,288
Less appropriations:		
Pref. divds.	77,053	104,006
Common divds.	77,744	25,426
Surplus for year	39,838	55,856
Add: Prev. surplus ..	588,125	532,269
Less: Prem. on red. of pfd. shs.	58,940	......
Other financing exp.	70,197	......
Addit. inc. tax	5,302	......
Surplus forward	493,524	588,125

Working Capital

	1937 $	1936 $
Current assets	4,248,054	6,785,201
Current liabilities	2,773,453	5,807,992
Working capital	1,474,601	977,209
Ratio	1.53—1	1.17—1

Foreign Exchange

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

Par	1937 Oct. 18	1937 Oct. 19	1937 Oct. 20	1937 Oct. 21	1937 Oct. 22	1937 Oct. 23	1936 Oct. 23
U. S. dollar, High ...	.99[illegible]	.99[illegible]	1.00	.99[illegible]	1.00	1.00	....
Low ...	.99[illegible]	.99[illegible]	.99[illegible]	.99[illegible]	.99[illegible]	.99[illegible]	....
1936, High ...	.99[illegible]	.99[illegible]	1.00	1.00	1.00	1.00	....
Low ...	.99[illegible]	.99[illegible]	.99[illegible]	.99[illegible]	.99[illegible]	.99[illegible]	....
U. K. pound	4.95⅝	4.95[illegible]	4.95[illegible]	4.95[illegible]	4.95[illegible]	4.95⅛	4.89
Australia	3.96⅞	3.96¾	3.96⅞	3.96⅝	3.96½	3.96½	....
Austria	.1887½	.1888	.1888	.1888	.1888	.1888	.1873½
Belgium	.1685¾	.1686	.1687½	.1686¾	.1686	.1686½	.1684½
Brazil	.0575	.0565	.0570	.0555	.0552	.0565	.0585
Czechoslovakia	.0350¼	.0350⅜	.0350⅝	.0350⅝	.0350⅜	.0350⅜	.0354
Denmark	.2213¼	.2212½	.2213	.2211½	.2210	.2210½	.2183
France	.0338⅛	.0338½	.0338¾	.0338½	.0338[illegible]	.0338½	.0465
Germany	.4015¾	.4017½	.4017½	.4017½	.4017½	.4017½	.4022
Greece	.0091	.0091	.0091	.0091	.0091	.0091	.0089½
Holland	.5527½	.5529½	.5530	.5529½	.5529½	.5529½	.5393½
Hungary	.1976⅜	.1977	.1977	.1977	.1977	.1977	.1979½
India	.3746⅞	.3748	.3746	.3743	.3741	.3741	.3724
Italy	.0526	.0526½	.0526¼	.0526¼	.0526¼	.0526¼	.0526½
Japan	.2889	.2890	.2886	.2886	.2885	.2884	.2857
Jugoslavia	.0233½	.0233¼	.0233½	.0233½	.0233½	.0233½	.0233¼
New Zealand	4.00	3.99⅞	4.00	3.99⅞	3.99¾	3.99¾	....
Norway	.2491¼	.2489½	.2490½	.2489½	.2488	.2489	.2457
Poland	.1891	.1892	.1891	.1891	.1892	.1892	....
South Africa	4.94¾	4.94½	4.94⅝	4.94⅝	4.94¼	4.94¼	....
Sweden	.2556¼	.2555½	.2555½	.2554½	.2553	.2553½	.2522
Switzerland	.2301¼	.2302	.2309	.2304	.2303½	.2304¼	.2296
Hong Kong	.3104	.3105	.3105	.3106	.3100	.3099	.3049

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East Kootenay Power Net Earnings Increase

From Our Own Correspondent

MONTREAL. — East Kootenay Power Co., subsidiary of Power Corp. of Canada, reports an improvement in operations during the first half of its current fiscal year, net earnings for the six months ended June 30 amounting to $192,056. This is an increase of $35,420 over the same period of 1936.

In each month of the current fiscal year net earnings have been higher than in the corresponding month of 1936. In September the increase amounted to $5,730.

Earnings Statement Month of September

	1937 $	1936 $
Gross earnings	46,705	38,927
Oper. expenses	15,194	13,146
Net earnings	31,511	25,781

Bond Tenders

7 p.m., Nov. 3, Arthabaska, P.Q.—$45,000, 3½% or 4%, 15-yr. bonds. F. Houle, sec.-treas.

8 p.m., Nov. 2, Saint Hyacinthe, P.Q.—$47,000, 3½% or 4% bonds dated Nov. 1, 1937, redeemable serially to Nov. 1, 1959. Henri Morin, sec.-treas.

8 p.m., Nov. 8, Joliette, P.Q. — $45,000, 3½% serial bonds, dated Nov. 2, 1937, redeemable in 30 years. Camille Bonin, sec.-treas.

7 p.m., Nov. 1, Township of Whitney—$19,000, 5% school bonds, dated Oct. 1, 1937, redeemable from 1938 to 1947. J. M. Nicolson, clerk.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Ford Hotel	‡6%	1947	Nov. 1	101
Port Royal Pulp	5%	Serial	Nov. 1	101
Riordon Pulp ..	▲6%	1942	Dec. 31	105

For sinking fund purposes: ‡$10,000. ▲$59,000.

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Attempt to Control Alberta's Press
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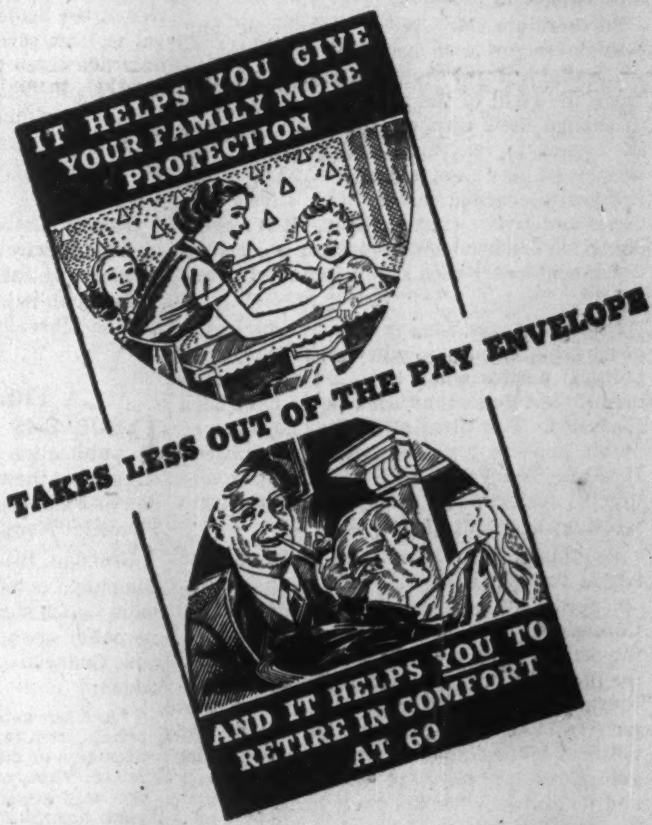

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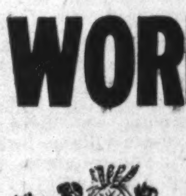

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TORONTO, OCTOBER 30, 1937

The Financial Post's Platform for Canada

1. *Balanced budgets.*
2. *Abolish politics in C. N. R.*
3. *Merit system in public service.*
4. *Freer foreign trade through Empire preferences and foreign treaties.*
5. *Stable tariffs for balanced development.*
6. *Stricter laws to protect investors.*
7. *An even break for Canadian national newspapers and periodicals.*
8. *A modernized constitution.*
9. *Integrity in meeting public obligations.*
10. *Wider markets for our farms.*

Mr. Bennett's Attack

DURING the last session of Parliament, Rt. Hon. Richard B. Bennett earned a reputation as Canada's elder statesman.

He won the admiration of friend and foe by constructive comment on Government legislation and policies. Not that the old flash and fire had vanished, but they showed themselves less often than a mellow warmth which permeated his debate and parliamentary technique. His name was openly mentioned as a prospective chairman of the forthcoming constitutional probe on the B.N.A. Act and allied matters.

Last week at Brandon this same gentleman made a bitter, slashing attack on the Rowell Commission, now starting this constitutional enquiry. He labelled it a "pack of Grits." His spleen has apparently been aroused by appointment to the Commission of a personal foe, John W. Dafoe, whom Mr. Bennett describes as: "the most violent partisan journalist the country has produced."

Coming at a time when every effort is being made to achieve nation-wide unity in the task of reconstructing our constitutional and financial fabric, the outburst is as ill in its timing as it is poor in its taste.

Furthermore, Mr. Bennett weakened any case he might have had, by attempting to prove that a Royal Commission was going to usurp the right of the provinces and Ottawa to change their own constitution. This was an appeal to ignorance and prejudice unworthy of any real statesman. The Commission is charged merely with sifting evidence and giving expert advice. It is merely doing the essential spadework for a constitutional conference such as Mr. Bennett himself favors.

Prime Minister King is open to criticism in not having openly sought the aid of other political parties when he made his appointments. Mr. Bennett at least should have been consulted. This principle is the one followed in all important parliamentary committees. It is one The Financial Post has repeatedly urged in selection of delegates for important meetings and conferences.

As things now stand, the statesmanlike course for Mr. Bennett would have been to co-operate rather than attempt to torpedo the Commission just as it begins its work. For the need of the hour in Canada is a solution of the problems now facing this particular body. It is a need which demands the utmost support from every public-minded citizen and political office-holder no matter whether his affiliations are local, provincial or federal, and no matter what his party stripe.

Municipalities Need Relief

ONE of the most important matters upon which the Rowell Commission will be asked to pass judgment will be the question of responsibility for unemployment relief and other social service expenditures.

Throughout the depression it was repeatedly charged by most of the provinces and many of the municipalities that unemployment was a national problem and the cost of unemployment aid should be borne entirely by the Federal Government. In their briefs to the Rowell Commission, the western provinces, at least, will reiterate this stand.

This problem, in fact, is the very core of the pending enquiry since the financial difficulties of the western provinces which were responsible for the appointment of the Commission grew out of increased expenditures for unemployment relief and a new conception of the social responsibilities of governments.

It is generally recognized that the Dominion Government will either have to assume additional expenditures or grant additional taxation powers to the provinces. Most students of public affairs favor the former course, especially since increased taxing powers for the provinces would only make Canada's taxation system even more complex. Furthermore, it is doubtful whether increased taxation would solve the problems of the West. The provinces to benefit most would be those which least need assistance.

Throughout the depression Canada had no long-range unemployment policy, merely temporary schemes and palliatives. Not until the appointment of the National Employment Commission last year was there any concerted attempt to deal with fundamentals. One reason was that responsibility was divided between the Dominion, provinces and municipalities, with no proper direction by any one. Once this problem is clarified it will be much easier to work out a national policy.

Whatever is decided, municipalities in Canada must be relieved of their share of unemployment relief. The burden of taxation on real estate in this country is too heavy. Increased taxation arising out of relief expenditures has been destroying property values throughout the entire Dominion and many property owners have found it necessary to forfeit their property for unpaid taxes.

A Liberal Opportunity

PRESENT leader of the Liberal party in Alberta is E. Leslie Gray, recent victor of an Edmonton by-election and now campaigning as a union leader in the province. While granting him support, some Conservatives and Farmer groups in Alberta have certain doubts as to his unqualified devotion to the cause of a United Government. In short, it is suspected that he hopes to absorb the other parties around the Liberal banner, rather than run in a truly non-partisan campaign.

For example, when selected as Liberal leader he reputedly promised to take steps to see that an advisory council representative of all parties was named. Some time later, as the "nucleus" of this council, he named four men, all with Liberal antecedents, and two of whom have been openly discussed as Liberal candidates at the next election. Nothing more was done about it.

If there is to be a sound successful and unified movement to defeat Mr. Aberhart in the next Alberta election, the Liberals must throw their weight behind unity in Alberta provincial politics, and Mr. Gray must indicate clearly whether he stands for partisan politics or an independent union movement.

Furthermore, a central council representative of various shades of opinion must be named which would co-ordinate the activities of the leaders of the various parties and act at least as a board of arbitration to iron out difficulties that will inevitably develop. Subsequent details as to local conventions in individual ridings and a common party platform could then be discussed and would, in all probability, present few important obstacles.

Ottawa Liberals should use their influence in Liberal circles in Alberta to consolidate opinion against the present Government rather than to build up a political machine to aid the Liberal party in Federal politics.

A Financial Newspaper

PROBLEMS and pitfalls that surround publication of a financial newspaper were stressed at the recent annual meeting in London of Financial News Ltd., publishers of the Financial News and the Investors Chronicle.

Brendan Bracken, M.P., chairman of the company, noted that Financial News could have shown larger profits if it were to reverse its policy of supplying the best possible news and financial services to its readers. He added:

"And our gains would be greater were we to refrain from rejecting or criticizing the advertisements of dubious or over-optimistic enterprises. These are costly policies. But they are the only sound long-term policies known to your directors."

The Financial News and the Investors Chronicle have for many years been engaged in exposing share-pushers and other members of the financial underworld. But, as Mr. Bracken points out, this is a "repulsive and expensive task."

It is a task made more difficult by the libel laws. In Great Britain, to fall into the slightest technical error (and libel laws abound in technicalities) is to open the door to heavy damages. Libel law in Canada is scarcely less strict.

Just as a free and independent press is a needed defender of democracy, so the vigilant, conscientious financial newspaper has an equally important duty to perform in protecting its readers against financial trickery.

At times, this is an expensive and fruitless task, but it is one which must be diligently performed at all times and under all circumstances.

Lessons in the Far East

HE WHO would wager his money or reputation on the outcome of present Sino-Japanese hostilities is foolhardy in the extreme.

This is the view of the American Council of the Institute of Pacific Relations which has just issued a special bulletin of its Far Eastern Survey on the subject, "Economic Preparedness in China and Japan."

This authority says the differences between these countries are so deeply rooted as to preclude their ultimate settlement without recourse to war. Even if the present engagement should end speedily and inconclusively it would merely be the prelude to a decisive and probably protracted struggle—on the outcome of which would hang the future of the Far East.

Economically the two nations are strikingly different. China is rich in natural resources, as yet largely undeveloped. Japan, a poor country, has made the most of what she has. The Japanese outlook is that if she does not succeed in pressing her initial advantage to the point of a quick and decisive victory she will find herself "ill-equipped for a long war of attrition."

Centre of the problem is the ability of each country to maintain a united front. China must maintain the national solidarity which seemingly prevails today. The very need for this solidarity (which may have to be maintained by practical reforms and by new instruments of co-ordination) may mean in China a social revolution of far-reaching significance.

In Japan, there is evidence that important groups have viewed the army's continental policy with disapproval. Momentarily, these differences have been forgotten in the belief that the nation must combine to achieve success at all cost.

Canada, as yet, has felt no major effects from this struggle. But there is a lesson for the Dominion in the unity which comes when the future of a nation or federation is in jeopardy.

Only a few weeks ago we published in these columns the critical view of G. R. Stevens, one-time Canadian trade commissioner, who asserts that this Dominion is slowly but surely disintegrating. Surely it is not necessary for this country, for example, to go to war to enjoy the unity that marked 1914-1918. Wise, high-minded leadership, willing to put nationhood before federal, provincial or local rights, can achieve this goal. This is one lesson from the Far Eastern situation which Canada can use to her own good if she will.

Editorials in Brief

"Six Hundred Thousand Saskatchewan farmers Will Be on Relief This Winter," screams a headline in Toronto's Communist Daily Clarion.

There are only 700,000 farms in all of Canada.

• • •

Canada as a whole is headed for prosperity, said a Roger Babson associate in Montreal last week.

Yes, but if the United States is heading in the other direction, what chance have we of making a business touchdown?

• • •

Premier Hepburn guards himself "with an armored car and bodyguard," according to The Digest.

Interesting if true, but after the sweeping victory of October 6 it hardly seems necessary. There is so little opposition.

• • •

A favorite topic of the editor of the Kentville, N.S., Advertiser is that the Maritimes give a great deal to central Canada and get nothing in return. Well, the Advertiser got a two-column article free of charge out of a newspaper published in Toronto the other day. It "lifted" The Post's sketch of new McGill Principal Douglas and ran it without the credit line usually given when material is reprinted.

• • •

Speaking at the Empire Migration and Development Conference in London the other day, Sir Patrick Hannon, M.P., told his listeners that 53% of Saskatchewan's population were of non-British origin.

He forgot to mention that the bulk of this total was made up of native-born Canadians and that only 20% of the total population of the province was foreign born.

• • •

President Roosevelt and his advisers are coining cheerful and assuring phrases about the prospects of a balanced budget in the U. S. But the president has been doing this for four years now. As Arthur Krock of the New York Times remarked, "Mr. Roosevelt has a way of creating an impression without making a commitment."

Personally we have learned to carry a large tin of salt to use when reading these expressions of wishful New Deal phrase-making.

Toronto is threatened with a milk drivers' strike. Certain employees of Canada Dairies, Ltd., a subsidiary of Dairy Corp. of Canada, are attempting to call out the milk drivers of other dairies if they do not obtain their demands for complete unionization of the Canada Dairies staff.

Canada Dairies have set a fine example for other companies threatened by labor dictation in putting their case clearly and frankly before the public in a series of striking newspaper advertisements.

Sayings of the Week

"I am the most hated man in Alberta."—*Premier Aberhart.*

• • •

"Dictators do not believe in birth control."—*Emil Ludwig.*

• • •

"I would abolish a wage scale below a decent standard of living, just as I would abolish slavery."—*Senator Borah.*

• • •

"Trade conditions are excellent and I think that as soon as investors get over their jitters the stock market situation will adjust itself satisfactory."—*R. H. Cabell.*

• • •

"One of these days, somebody is going to capitalize on the growing weariness of the country with the 'there-are-villains-lurking-in-the-bushes-ready-to-tear-you-to-pieces, appeal."—*Prof. Raymond Moley, New York.*

• • •

"In my opinion many securities are on the bargain counter as a result of the drastic decline in security prices when considered in the light of values."—*Thaddeus R. Benson, President, Chicago Stock Exchange.*

• • •

"A sudden fall in stock quotations during a period of prosperity when general credits of the country are not unduly expanded, does not necessarily presage any danger of slackening of general business."—*Gen. Charles G. Dawes.*

• • •

"The sooner leaders of the financial community realize the futility of trying to recreate the old happy hunting ground of 1929 the sooner will they attain the stable markets they profess so much to want."—*Justice Ferdinand Pecora, former member Securities and Exchange Commission.*

• • •

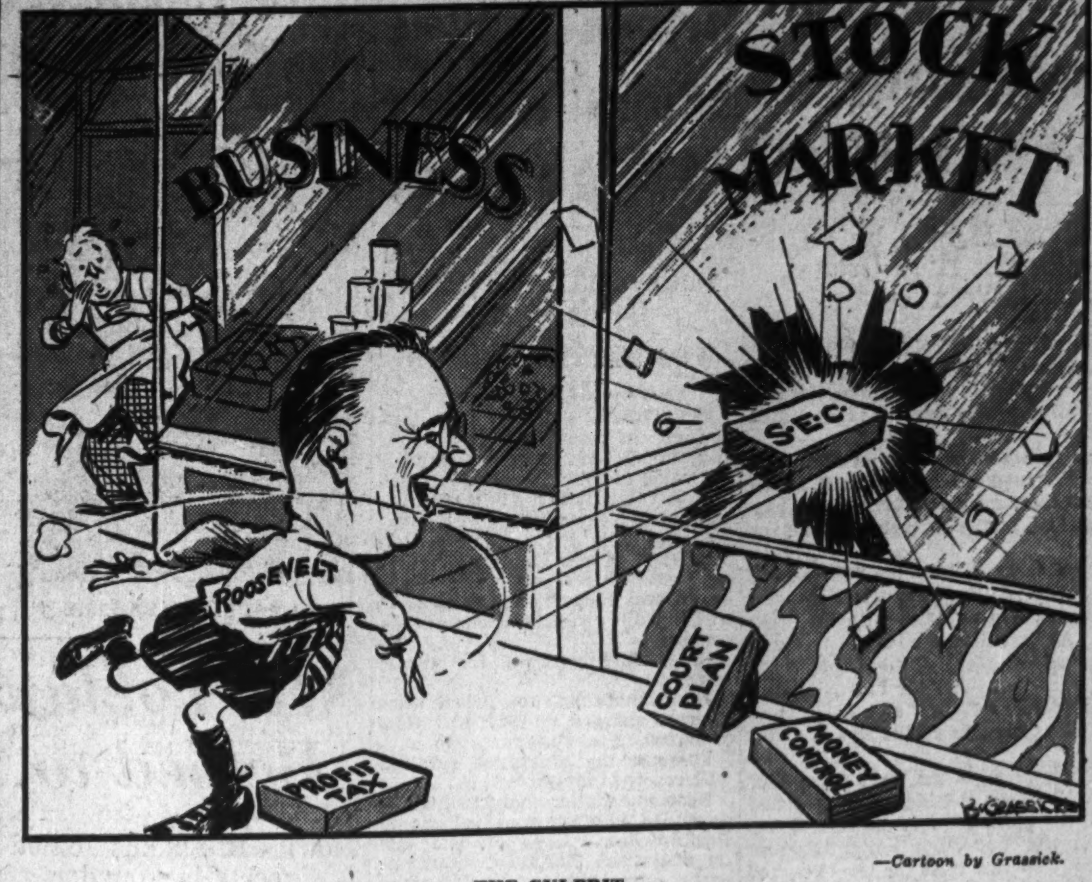
"A reduction of the capital gains tax would actually bring in more revenue to the government than the present tariff because it would encourage people to take more frequent profits."—*Joseph P. Kennedy, former Chairman, Securities and Exchange Commission, U.S.A.*

• • •

"I cannot say what steps will be taken or what course will be followed. We go to the conference with an open mind."—*Norman H. Davis, U.S. Ambassador-at-large, en route to Nine-Power Treaty Conference at Brussels.*

• • •

"The lack of new capital investment seems fundamental, for without an increase in capital investment we cannot have a sustained demand for construction. I attach more importance to that lack of capital investment than to wars and rumors of war."—*Prof. O. M. W. Sprague.*



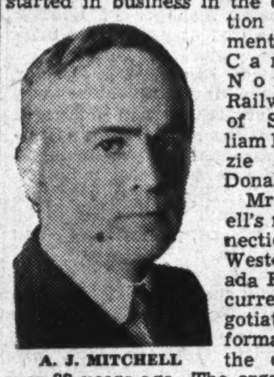
THE CULPRIT

—Cartoon by Grassick.

Post-Scripts . . .

Flour and Rails

Alfred J. Mitchell, who was elected president of Western Canada Flour Mills Co. last week, is a quiet-spoken Torontonian of 58, who started in business in the construction department of the Canadian Northern Railway Co. of Sir William MacKenzie and Sir Donald Mann.


A. J. MITCHELL

Mr. Mitchell's first connection with Western Canada Flour occurred in negotiations for formation of the company over 32 years ago. The organization was one envisioned by Sir William as part of a plan to build industries along the Canadian Northern Lines. It brought together the A. Kelly Milling Co. of Brandon, Man., and the Lake Huron & Manitoba Milling Co. of Goderich, Ont.

Andrew Kelly was the first president and S. A. McGaw was vice-president. Those men were the main owners of the merged firms. Mr. Mitchell is the third president of the company, succeeding D. B. Hanna, now nearing 79, who followed Mr. Kelly in the presidency.

• • •

Hopeful of Future

When the Government took over the Canadian Northern during the war, Mr. Mitchell and Mr. Hanna continued in the chief executive posts. Mr. Hanna became president and Mr. Mitchell vice-president of the Canadian National Railway Co., on the invitation of Sir Robert Borden, when it was formed in 1919. The management of the national railways was taken over by Sir Henry Thornton in 1922, and since that time Mr. Mitchell and also Mr. Hanna have devoted their time to business interests like Western Canada Flour with which they had long been connected.

Mr. Mitchell has become president at a time of considerable difficulty for Canadian millers who have been unable to maintain their export volume in the face of higher wheat prices in Canada than in other markets, and in the face of the closed doors of many European countries. He believes, however, that the Canadian milling industry will sooner or later recover export volume and get back to something like its former levels of prosperity, particularly if the tension that makes European nations strive for self-sufficiency is mended.

• • •

Joseph P. Ripley

Joseph P. Ripley has become well known by name to holders of bonds of Abitibi Power & Paper Co., but has not been nearly as well identified in Canada by appearance.

At the Abitibi meeting on Oct. 15, a number of bondholders were heard to ask, "Which is Ripley?" He was soon identified when he rose to speak on behalf of the reorganization proposal, commonly called the Ripley plan, which was drafted by the Bondholders' Representative Committee of which he is chairman.

Tall and dark, he speaks slowly but without hesitation, and his presentation of the Abitibi plan clearly commanded the respect of the meeting despite remarks of opponents of the plan which could hardly be regarded as complimentary to J.P.R. In fact, some of the criticisms drew the fire of large Canadian institutional bondholders who warmly praised Mr. Ripley's five years of work on Abitibi.

Mr. Ripley is no connection of Believe-It-or-Not, but is president of Brown, Harriman & Co., one of the largest distributors of securities in Wall Street. Before that he was vice-president of National City Co., former securities affiliate of the National City Bank of New York.

No stranger to Canada, Mr. Ripley got his first acquaintance with this country more than 30 years ago. He helped to build the C.N.R. That is, he was a part-time worker on surveying for the Grand Trunk Pacific in the West.

One of his good friends in Canada is "Phil" Johnson, who this year came from the United States to be operating vice-president of Trans-Canada Airways Corp. J. P. Ripley is an aviation fan and is interested from both the financial and travel viewpoints. He recently flew to Winnipeg from New York in connection with Abitibi. The trip exemplifies his thoroughness, its purpose being to explain his committee's plan for Abitibi.

• • •

"Jim" Hahn's New Love

It takes all sorts of interests to make a well-rounded life but Major James E. Hahn of Toronto seems to have sought after and gained more variety than most people. This year he is climbing up a new peak as president of the Toronto Symphony Orchestra.

"Jim" Hahn graduated as a lawyer but his university days were punctuated by a brilliant career overseas, when he distinguished himself as an able Intelligence officer on the General Staff of the Canadian corps. His treatise, "The Intelligence Service Within the Canadian Corps," is utilized as a text-book in staff colleges all over the world. Returning from overseas he completed his legal training, but went immediately into business, becoming president of the De Forest Crosley radio organization which later expanded into far-flung Consolidated Industries Ltd. manufacturing radios, electric refrigerators, clocks, etc. He retired from the manufacturing world when this company was absorbed by Rogers Majestic Corp. in 1934.

As a yachtsman he is known up and down the lakes and shores of this continent. He owns one of the finest yachts on Lake Ontario, is vice-commodore of the Royal Canadian Yacht Club and spent a good deal of time with his friend T. O. M. Sopwith when the latter was trying to wrest the America's cup from Harold S. Vanderbilt.

Law, business, intelligence, yachting and music; Major Hahn seems to go in for variety.

• • •

McConnell's Secret

There is a businessman in Montreal who feels that J. W. McConnell, chairman of Bordens Ltd. (Canada) a governor of McGill University and president of St. Lawrence Sugar Refineries and Ogilvie Flour Mills, pulled his leg the other day.

He happened to drop in on Mr. McConnell at his country home near Montreal over a week end. Mr. McConnell had another visitor with him, whom he introduced as "Dr. Lewis of New York."

During the course of the ensuing conversation the Montrealer was able to get no clue as to who Dr. Lewis was and even what his interests were. Shortly, having concluded his business with Mr. McConnell, he departed.

A day or so later he picked up his evening newspaper. There in large type was the announcement of the appointment of Dr. Lewis W. Douglas as principal of McGill University. And the two-column picture was a photograph of "Dr. Lewis."

Dewan Reaches Goal

In story books the poor boy who set out to be head of a great industry is a common theme, but rather rare in actual life. In Ontario's new minister of agriculture, however, there is such a case.

HON. P. M. DEWAN

Hon. P. M. "Mike" Dewan definitely decided in 1911 he would one day fill his present position. He set about preparing himself for the job. Although then 21, he left the farm in eastern Ontario, started to high school and incidentally made his first political speech in the reciprocity campaign of that year. He finished high school in two years, took a business course on the side, then the arts course at St. Francis Xavier School at Antigonish, N.S. Two years' high school teaching followed and then he enrolled at the Ontario Agricultural College, graduating in 1922. After some further teaching, this time in the Kemptville Agricultural School, Dewan accepted the management of the Oxford County Farmers Co-operative.

Specializing in poultry products, flour and feed, the Co-operative was just about on its last legs. Rural co-operation was at a low ebb following the virtual collapse of the U.F.O. movement and the defeat of the Drury Government. But this apparently did not bother either Dewan or the hard-headed Scottish farmers of Oxford.

A salary of $3,000 with 10% of the profits was offered. It was big remuneration for an agricultural organization of this kind but it paid both the recipient and the patrons. Gross annual volume was stepped up from around $50,000 per year to a peak of $400,000 and the profit bonus arrangement worked out very satisfactorily.

• • •

Second Campaign

With such a job, and a relatively large family, most men would have been content to sit back. But not young Dewan. Knowing that defeat would almost certainly result in losing his job, because politics were taken seriously by his co-operative customers, he accepted the nomination in the Ontario provincial election of 1934. He was elected and continued to manage the co-operative. Now, after a second election, he is minister of agriculture, bringing to the position a broad knowledge of agriculture, business, co-operation, education, and of importance to his present staff, an understanding of the work of the civil servant, because he has been one himself.

Mr. Dewan (who pronounces his name as if the "e" were absent) is too experienced to be trapped into saying what he is going to do with Ontario agriculture. He admits sympathy toward co-operation but not of the cut-pricing "get-the-middle-men-type." He also believes that Ontario needs wider export markets, but to get them must improve both quality and standards of farm products.

Incidentally, Mr. Dewan is the third graduate of the Ontario Agricultural College to represent agriculture in the Ontario Cabinet, being preceded by Hon. Nelson Monteith in the Whitney Government and Hon. Manning Doherty of the Drury regime

As Others See Us . . . .

Rehabilitation
St. Catharines Standard

Important suggestions were made recently by The Financial Post to rehabilitate the 180,000 unemployed of the country. This number does not include those in the drought-stricken areas of the West. About 80% of the number are employable, and not on the shelf for all time. They are, in effect, wage-earners and not dependents. Their employability must be increased, if the problem is to be solved. And that seems to be the sine qua non of the whole situation.

If The Post's plan could be improvised in a community like St. Catharines, with a fair degree of success, if not 100% success, it would be a tremendous relief in civic finance and in the mill rate on the taxpayer.

The present system seems to have developed into everybody's business being nobody's business, and the treasury of the nation is regarded as an inexhaustible source to draw upon. No longer is there any concerted, organized charity. Let government do it, is the assumption. And the result of all this will be a system fastened upon the country for all time to come, which is bad enough. But what is worse is the sapping of the initiative of a large number of people, their demoralization which nullifies useful citizenship and creates permanent non-producers.

The "Beaten Army"
The Country Guide

Last summer, Arthur G. Street, English farmer and author, toured Canada, lectured at strategic points and sized us up. Now he has written his impressions of the West for an eastern financial paper. In his opinion this part of the country is about done for. Even in the less droughted areas, he says, he found a population of disappointed middle age, too old ever to come again. "They have now only two things for which to hope, either meaning discharge from the beaten army of western agriculture. One is a legacy or gift from home—and home means either Great Britain or eastern Canada—of sufficient value to enable them to flee a country which has defeated them; and the other is death which solves all human problems."

Mr. Street certainly let himself go while he was writing that. The paragraph from which it is taken is enough to establish his reputation for two things, first as a stylist in writing, and second as a poor judge of this country and of the spirit of its people. No one will deny that the people of the drought area have received the worst drubbing ever endured by a group of farmers on this continent. But their hope is not confined to death or a money order from "home." The climate has not permanently changed. There is a recurrence at long intervals of drought conditions, but such periods have always been followed by years of normal rainfall and there is no reason to doubt that the cycle will be completed as it has always been completed in the past. This is the other hope, the one which Mr. Street overlooked when he was writing his blue ruin article.

John L. Lewis

"Front" Man of C.I.O. Is Eloquent Demagogue

By KENNETH R. WILSON

The other day I had a chance to see John Llewelyn Lewis in action. To put it mildly, the 57-year-old son of a Welsh immigrant miner amply lives up to advance notices.

This would-be industrial dictator has not only been the figurehead for C.I.O., he is the man who has put new force and meaning into the word "leonine." "Leonine," according to the Oxford Dictionary, means "lion-like or resembling that of a lion." The adjective is well chosen despite the fact Mr. Lewis's famous mane is many shades darker than that of the king of beasts.

JOHN L. LEWIS

As a matter of fact, Mr. Lewis's hair is a bit surprising when seen at close range. Look at his photograph and you get the impression that his huge eyebrows and bushy mane are black. Actually they are rust-colored, strongly streaked with grey. His hair was auburn in his younger days.

• • •

His Hair Luxuriates

Perhaps one of the best word pictures ever drawn of him was the paragraph penned in Fortune about a year ago. It said:

"John L. Lewis has two shaggy red eyebrows, either one of which a French gendarme would be proud to wear on his lips. His rusty-iron hair rises as abruptly as a hedge from his shaved neck and luxuriates all over his head like the features of a Houdan rooster. His face, the color of rock, is as innocent of any sign of self-mistrust as if it were really constructed of some artificial substitute for flesh.

"At 56 he is girthy but solid and can twist his huge frame from the waist to look suddenly behind him with the speed of a cat. He takes no exercise and has not brandished a pick for 25 years, but he was strong enough to fell huge William Hutcheson at the A. F. of L. convention last fall and not so long ago heaved a delegate from the cigar counter of the English Hotel in Indianapolis into the streets."

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Master of Oratory

On the platform and in private conversation Mr. Lewis is master of all the tricks of political oratory. He gestures, wheels and talks with quick powerful strokes and with all the eloquence which his Welsh ancestry has bequeathed him.

The other day at Atlantic City the olive branch of peace was being held out to A. F. of L. delegates meeting several thousand miles away in Denver, Colorado. A resolution was moved, and one by one the key men in C.I.O. councils spoke to the motion. Meanwhile, Chairman Lewis was quietly pacing the floor behind the speaker's table with long, rapid steps. For five minutes or more he paced restlessly up and down; now puffing viciously at his ubiquitous cigar; now with his head down and thumbs jerking out of vest pockets. A minute later the cigar would be poised rigidly at elbow's length only to scamper back to its permanent domicile in the corner of his mouth, while his hands dropped for a moment behind his back.

This sounds theatrical. It probably wasn't intended to be. Quite obviously the man was doing a bit of quick preparation for the moment when he would climax the viewpoints of his associates regarding a peace offer to A. F. of L. For Lewis is a notorious phrase-maker and it is a fair assumption that a heavy business agenda had prevented him from preparing a set speech for this important occasion.

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Stuffed Shirt?

Other speakers had been men of the calibre of Sydney Hillman, David Dubinsky, Homer Martin, Philip Murray and Heywood Broun. They were no match for the demagogue Lewis as he "now whispered like an oboe, now let out the drums and brass."

By the time Lewis was through (and he only spoke a few moments) the entire audience was standing on its feet in noisy tribute to their leader. The motion, of course, passed unanimously.

And the really interesting thing is that Lewis, apparently, is merely the "stuffed shirt" of C.I.O. The real leader of the movement is reputedly Sydney Hillman, president, Amalgamated Clothing Workers of America.

How long Lewis will remain the "front" man remains to be seen, but that is another story. At least he seems to be the man for the job in this rough, and at times bloody, struggle for labor power. He seems to possess, in fair abundance, the three requisites of an industrial union organizer, namely, a flexible tongue, a ready opportunism and a pitiless hand.

Stop Me If You've Heard This One . .

A merchant, who was told he had only a month to live, called in a lawyer to have his will drawn up.

"Fix it up so that my overdraft at the bank goes to my wife—she can explain it," the merchant ordered. "My equity in my car goes to my son—he will then have to go to work to keep up the payments. Give my goodwill to the supply houses—they took some awful chances on me and are entitled to something. My equipment you can give to the junk man—he has had his eye on it for several years. I would like six of my creditors to be pallbearers—they have carried me so long they might as well finish the job."

Week in Business

Little Recession Seen In Business Activity

Quebec Only Important Area to Register Fall Decline—Some Lull Expected But Nothing Comparable With United States

Canadian business fortunately and obstinately still refuses to follow the lead of the stock market to drastically lower levels. Complete reports for September, the first month of the always significant fall season, indicate only a mild tapering, and nothing of a serious decline.

Only in Quebec where probably the newsprint situation looms most prominently, has there been any recession from previous months. When October statistics are available they will probably reveal a similar decline in wider areas but nothing in the nature of a real setback. It is a little significant that electric power consumption was off slightly last month in Ontario and also that there has been no improvement in the outlook for export lumber in British Columbia.

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But a pause in general economic recovery in Canada has been expected ever since the disastrous wheat failure in the greater part of Saskatchewan and in large districts of Alberta this season. The wheat crop is always needed in the fall to generate seasonal business for railroads and develop new purchasing power generally; in other words to keep routine business alive and growing. When this source fails, or practically fails as it has done this year, it cannot be simply ignored. Some price must be paid and in the present case, the bill amounts to a large blank area in Canada's purchasing power map and the continuance of heavy relief bills for at least another six months.

But forward news continues to be encouraging. Retail buying though spotty appears to be holding well in most sections of the country. Building is fairly active both in the new residential field and in improvements to existing property. While the decline in those commodity prices of particular interest to Canadian business has not been completely halted, there are indications that momentum downwards has been checked and some recovery is in evidence. Moreover there is plenty of confirmation that the old rule of low prices stimulating buying is still working. Inventories are again beginning to be restored.

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Even in United States where business has been much more concerned than in Canada with the future, there is evidence of returning confidence. Barron's reported last week that department store sales scored an above-normal seasonal advance in September and were at the second highest point since 1931. Although Barron's index of trade and production dropped 8.6 points from the highest mark of the year, 91.6 reached last February, it is still two points above this time a year ago. Business Week's index for a week later, however, plunged through well below the 1936 level standing at 69 as compared with 76 both last month and a year ago.

Business Indicators

Business index of Dominion Bureau of Statistics declined nearly three points for the week of Oct. 16, making the fifth successive recession since early September. The decline, admittedly, however, was due more to speculative than productive factors.

Carloadings for the second week in October were down substantially from the same period a year ago, due largely to decreased grain movement in western provinces. Cumulative to mid-October still has lead of more than 150,000 cars over last year.

Gross earnings of both big railways for third week in October well above same week in 1936 and cumulative lead also impressive.

Steel and iron production, in September very much higher than year ago.

Car output down slightly in September but that of truck and buses and exports show gains. Financing of all cars up.

Nickel and copper output in August very much above same period a year ago.

Newsprint exports in September up 10%.

Electric output rose from 1.9 million kw.h.'s in August to two million in September.

September trade figures best for this month since 1929 and total foreign trade figures for 1937 now promise to eclipse all previous figures and records.

Life insurance sales last month up slightly and cumulative gain to date over year ago increased.

Current trend in Canadian business is shown by The Financial Post's index of business activity, with new figures for the week marked thus▲.

	Latest 1937	Latest 1936	Jan. 1 to date 1937	Jan. 1 to date 1936
Transportation—				
Car loadings, week (Oct. 16)	▲56,715	60,219	2,067,490	1,909,519
C.N.R. gr. earn., wk. (Oct. 21) $	▲4,522,175	$ 4,319,013	$ 158,919,765	$ 153,600,471
C.P.R. gr. earn., wk. (Oct. 21) $	▲3,298,000	$ 3,205,000	$ 114,975,000	$ 109,536,000
C.P.R. net revenue (Aug.) $	576,613	$ 634,484	$ 9,932,228	$ 8,404,584
C.N.R. net revenue (Aug.) $	556,530	$ 680,581	$ 8,185,377	$ 3,242,824
Business Conditions—				
Weekly index, D.B.S. (Oct. 16)	▲106.5	113.9	......	......
Financial Post Index (Sept.)	123.8	115.1	......	......
Iron and Steel (September)—				
Pig iron production (tons)	▲77,180	51,892	655,438	465,785
Steel ingots and castings prod. (tons)	▲114,622	86,077	1,077,462	813,734
Automobiles (Number)—				
Passenger Cars:				
Domestic sales* (August)	6,344	4,396	84,122	72,857
Factory output (September)	▲1,926	2,481	117,816	100,088
Trucks and Buses:				
Domestic sales* (August)	2,730	1,541	24,192	16,748
Factory output (September)	▲2,491	2,174	43,855	25,650
Exports (September)	▲4,002	3,514	55,418	43,777
Financing (September):				
Used $	▲2,624,418	$ 1,939,819	$ 28,801,607	$ 20,559,082
New $	▲2,436,600	$ 1,922,520	$ 33,620,370	$ 24,770,774
Construction—				
Cons. contracts (Sept.) $	21,715,000	$ 16,558,500	$ 178,406,900	$ 127,671,600
Production—				
Cement, bbls. (July)	832,720	545,773	2,922,726	2,195,751
Gypsum, tons (July)	125,762	132,461	503,670	371,956
Clay (July) $	511,950	$ 406,304	$ 2,108,498	$ 1,777,375
Agriculture—				
Flour prod., bbls. (Aug.)	1,042,949	1,362,679	8,189,707	9,190,705
Flour exp., bbls. (Sept.)	306,655	378,318	3,006,934	3,502,122
Wheat exp., bus (Sept.)	5,903,080	20,720,316	64,774,751	162,386,678
Cattle sales (Aug.)	125,781	66,675	590,314	521,380
Hog sales (Aug.)	73,754	71,674	670,841	596,264
Sea Fisheries—Aug.‡—				
Catch, cwts.	1,517,250	1,744,240	5,633,760	5,792,340
Landed value $	3,246,250	$ 2,949,890	$ 12,527,870	$ 11,916,880
Newsprint (tons)—				
Production (September)	312,351	269,782	2,728,367	2,303,725
Exports, tons (September)	▲308,654	278,368	2,528,527	2,130,287
Mining—				
Coal prod., tons (August)	1,222,976	1,056,032	9,359,159	9,008,929
Coal imports, tons (August)	1,776,400	1,539,189	9,910,831	7,961,872
Gold prod., fine oz. (July)	347,474	321,107	2,320,725	2,096,815
Nickel prod., lb. (Aug.)	▲20,662,233	12,379,095	147,840,919	107,927,120
Copper prod., lb. (Aug.)	▲44,583,629	35,438,299	329,899,425	269,634,996
Employment D.B.S. Index (Sept. 1)—				
All industries	123.2	107.1	......	......
Manufacturing	121.2	105.9	......	......
Electric Power Output (Sept.)—				
Total monthly m.kh.†	▲2,051,849	1,916,296	16,937,482	17,331,511
Trade (August)—				
Retail trade (index no. of sales)	78.7	74.6	......	......
Wholesale trade (Aug.)•	9.0	......	......	......
Dept. store sales (June)•	81.5	75.7	......	......
C'try gen store sales (July)•	13.7	......	......	......
Imports (September) $	▲70,240,465	$ 52,962,972	$ 593,018,033	$ 450,866,373
Exports (September) $	▲95,216,148	$ 89,582,398	$ 824,504,609	$ 692,626,389
Other Industrial Factors—				
Dressed lumber, exp.:				
M. bd. ft. (September)	223,507	160,586	1,427,399	1,206,971
Boot & shoe prod., pr. (Aug.)	2,321,489	2,002,895	16,860,233	14,711,557
Crude petrol., imp. gal. (Aug.)	157,777,730	146,313,749	825,242,560	745,098,829
Cotton imports, lb. (July)	12,324,000	5,818,000	92,394,608	75,437,684
Raw rubber imp., lb. (Aug.)	7,852,589	8,466,684	45,443,001	37,773,061
Cigarette cons. (Sept.) No.†	627,062	516,172	5,001,210	4,082,565
Sugar (lb.)—				
Melting & sales§ (raw)	94,160,410	82,662,963	547,166,731	580,793,073
Manufactured§	91,122,789	78,496,030	526,274,941	559,416,632
Finance—				
Bank debits (August)† $	2,612,058	$ 2,619,153	$ 23,519,603	$ 22,759,663
Bond sales (September) $	▲54,226,149	$ 176,935,250	$ 915,440,714	$1,027,175,641
Life insurance (September) $	▲27,514,000	$ 26,090,000	$ 280,888,000	$ 262,300,000

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For 4 weeks to Sept. 11.
•Percentage increase over last year
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.

Higher Freight Rates Unlikely

Canadian Railway Practice Differs from That in U. S.

MONTREAL.—Canadian railways are not likely to follow the example of United States and British railways and apply for increased rates in order to offset advancing costs.

While an increase in rates might be a partial solution of the financial difficulties of Canadian railways, such action in Canada is believed to be politically impossible in view of ownership of the Canadian National Railways by the Dominion Government.

Rather than increased rates, the trend in Canada during recent years has been to reduce charges. In numerous instances, freight rates have been reduced in order to meet road competition.

Conditions Are Different

Increase in railroad rates in the U. S. and Britain have been brought about by sharply rising costs. Wages of railway employees in the U. S., as a result of recent increases, are now above the 1929 level. Since the income of U. S. railroads is well below what the Interstate Commerce Commission considers "a fair return," the application of the railroads for higher rates on a selected list of major commodities has been approved. In Great Britain a general increase of 5% has been granted in passenger and freight rates.

Direct comparison of freight rates in the United States and Canada is not possible since rates in Canada are devised primarily to provide cheap transportation for basic commodities which are exported.

Commodity Exchange Issues 3-year Review

From Our Own Correspondent

MONTREAL.—With the passing of its third anniversary, Canadian Commodity Exchange has issued a report covering its activity during the three-year period.

Since the opening of the silver section on Oct. 22, 1934, a total of 13,180 contracts of silver has been executed on the Exchange, representing 131,800,000 ounces.

During the two years of operation of the produce section, a total of 13,933,472 pounds of butter has been sold through the exchange. This includes 197 contracts of futures of 22,400 pounds each; 165,037 boxes of 56 pounds each of "spot" butter, and 4,975 boxes of butter "to arrive."

In cheese 8,788 boxes have been traded and a total of 570 cases of eggs was also sold on the exchange.

Commodities

Of those commodities in which Canada is most interested as a producer, wheat appears to be putting up the best fight against the prevailing downward trend. Canadian top hard grades have more than held their own and this firmness has done much to offset the small crop. The relatively high premium on these grades, however, has worked hardship on Canadian export flour millers who must meet competition from flour milled from much cheaper foreign wheat probably bolstered with a small percentage of high protein Canadian wheat.

The week has witnessed further declines in livestock prices which will react unfavorably on Canadian agricultural revenue as a whole.

Copper has remained steady but weakness in cotton and rubber continues.

From commodity centres in the United States and Great Britain it is reported that the recent rapid decline is showing signs of abatement and that lower prices are again stimulating buying. In the meantime, too, accumulated inventories are being fairly rapidly used up.

Price Range

	Latest week	Previous week	Same week last yr
Cattle	$9.50	$10.00	$5.75
Hogs	9.25	9.85	8.50
Copper, lb.	.13	.13	.09¾
Cotton, lb.	.0834	.0862	.1213
Rubber, lb.	.1588	.1613	.1150
Sugar, raw, lb.	.0320	.0315	.0335
Silk, lb.	1.75½	1.74½	1.78½
Wheat, Man. (bu.)	1.46⅜	1.44½	1.10½
Coffee, lb.	.09	.09	.08¼
Hides	.13½	.13½	.11½
Weekly Indices			
N. Y. Annalist	91.4	91.9	84.4
Fishers'	89.3	89.5	84.0
N. Y. Journal of Comm.	85.2	86.1	80.9
Crumps (Brit.)	80.4	80.6	73.0
U. S. Labor	86.0	86.9	81.2
Canada (D.B.S.)	84.7	84.8	77.1

Monthly Indices

Canada (D.B.S.)	Latest month	Prev. month	Same last year
Retail (Sept.)	83.4	83.6	81.1
W'sale (Sept.)	85.0	85.6	76.4
U. S. (Aug.)	87.5	87.9	81.6
Gt. Brit. (July)	111.5	110.6	93.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto; Copper-electrolytic, New York; Silk—Japanese, 13-15 New York; Sugar — 96 degrees centrifugal c/f New York; Wheat—No. 1 Man. North, Ft. W.-Pt. A. Basis; Hides—No. 1 packer light native cows; Hogs—select bacons, Toronto.

Cadwell Cereal Co. Declares First Dividend

An initial dividend of 6% per annum has been declared on the preferred stock of Cadwell Cereal Co., payable Nov. 1, 1937, to shareholders of record on the same date. The company recently made a public offering of its $10 par value preferred and $1 par common.

Fall Business in Canada Generally Holding Ground

	Sept., 1937	Change Sept., %	Aug., 1937
Maritimes:			
Construct. contr. $	703,000	—75.5	1,557,000
Bldg. permits .. $	202,000	—1.5	187,000
Life ins. sales $000	2,084	+4.4	2,363
Bank debits $000,000	58.1	+12.4	57.9
Electric power kw.h. 000	75,000	+7.1	83,000
Employment*	134.9	+14.4	135.4
Shipping .... tons	464,858	+24.4	469,875
Exports ..... $	6,137,275	+34.8	6,692,470
Index	135.3	+9.8	133.1
Quebec:			
Construct. contr. $	6,546,000	+127.4	11,731,000
Bldg. permits .. $	1,187,000	+33.8	774,000
Life ins. sales $ 000	7,594	+12.4	8,014
Bank debits $ 000,000	926	+7.8	876
Electric power kw.h. 000	1,099,000	+6.5	1,103,000
Employment*	127.3	+20.1	124.5
Imports cotton, lb.	4,581,590	—50.5	5,197,044
Newsprint prod., tons	312,351	+15.8	318,713
Index	141.9	+56.3	142.2
Ontario:			
Construct. contr. $	11,900,000	+79.1	8,349,000
Bldg. permits .. $	2,554,000	+36.7	2,158,000
Life ins. sales $000	11,973	+0.8	11,631
Bank debits $000,000	1,131	—18.7	1,150
Electric power kw.h. 000	691,000	+9.2	708,000
Employment*	130.4	+15.8	125.0
Livestock slaughterings*	155.2	—3.5	143.7
Steel prod. .. tons	114,622	+33.2	126,695
Auto prod. ... No.	4,417	—5.1	10,742
Index	131.2	+16.5	128.3
Prairie Provinces:			
Construct. contr. $	1,615,000	+43.3	2,145,000
Bldg. permits .. $	560,000	+59.5	497,000
Life ins. sales $000	3,332	—3.5	3,517
Bank debits $000,000	450	—31.4	352
Electric power kw.h. 000	165,000	+6.5	145,000
Employment*	107.6	—0.9	109.4
Wheat rec. . bush.	44,717,000	—22.5	19,786,000
Wheat prices‡	133/5	+28.6	131/6
Index	115.5	— 3.7	112.9
British Columbia:			
Construct. contr. $	950,000	—68.8	1,049,000
Bldg. permits .. $	575,000	+66.2	601,000
Life ins. sales $000	2,231	+22.4	2,366
Bank debits $ 000,000	168.4	—4.2	177.1
Electric power kw.h. 000	165,000	+8.6	158,000
Employment*	117.9	+9.1	121.2
Exports .... $	12,826,299	+4.8	11,436,742
Index	128.7	+3.6	128.4

*1926=100.
‡Cents and eighths of a cent per bushel.

September business throughout Canada has generally held the ground gained during the summer and up to the end of last month there was no indication of anything more than a temporary lull. Slight gains over August were actually registered in most areas in the index for all business activity, though a slight decline which began to show up in Quebec last spring was continued.

A strong point was the general gain in building permits throughout the five economic areas. Electric output recorded increases in all areas except Ontario. Employment was heavier in the three eastern areas, but there were minor declines in the West after seasonal adjustment. Bank debits recorded gains in areas other than the Maritimes and Ontario. Sales of life insurance showed advances from Ontario westward.

Background of Business

Northern Freight Heavy

This has been a record season for freight carried on the Mackenzie River system which serves the Northwest Territories from the end of the steel at Waterways, Northern Alberta. Well over 7,000 tons were handled by one line alone, according to a statement from Northern Transportation Co. Practically all the traffic originated in the mining industry. Tonnage mentioned does not include silver-radium and silver-copper concentrates shipped from Eldorado to the railroad. Neither does the movement include shipments of fuel oil from Fort Norman to Yellowknife. The latter are being handled in new tanker barges built for the Northern Transportation Co. this summer.

"In many years, freeze-up of the far northerly sections of Northern's 1,700-mile water route occurs in late September," stated Charles LaBine, president. "This year, however, our ships have been operating to Eldorado on Great Bear Lake and down the Mackenzie to Fort Norman well into October. Up until then there was practically summer weather with temperature 10 to 15 degrees above freezing."

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Drinking More Tea

Canada appears to be swinging sharply back into the tea drinking class if recent statistics offer any indication of a permanent trend. Thus in August of this year total tea imports amounted to slightly over three million pounds as compared with only a little over two million pounds for the same month a year ago. For the first five months of the current fiscal year, however, total tea imports of a trifle over 15 million pounds are still down slightly from the imports for the same period a year ago.

Coffee, however, suffered a much more serious decline, total imports for the 5 months being approximately 15.5 million pounds as compared with 17.3 millions for the same period in 1936. However, in the case of coffee imports during August, the last month for which complete statistics are available, were up more than 100,000 pounds to almost 2½ million pounds.

Incidentally in the last year or two on the basis of poundage only, coffee and tea imports have been running neck and neck with the former enjoying a slight advantage. On fluid consumption, however, due to the fact that there are probably twice as many cups of tea in a pound as there are of coffee, tea still ranks easily the leading table beverage in this country.

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Japs Boost Salmon Exports

In the last three years Japan has overtaken Canada in exports of canned salmon to the United Kingdom. Ten years ago Japanese exports were practically nil, but in 1936 amounted to 267 thousand long cwts. Canada during the same period increased exports from 112 thousand long cwts. to 167. Figures for the first six months of the current year show that Japanese gains have been further increased. Largest shipper of salmon to Great Britain is United States from which the Old Country derives more than a third of its total imports. Russia is second most important source of supply, though in recent years exports have dwindled nearly 50%.

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Beauty Aids

Beauty preparation manufacturers who address the bulk of their advertising to the young women are making a serious mistake, Byrne Hope Sanders, editor of Chatelaine Magazine, told a recent meeting of Canadian perfume manufacturers:

"The young girls are naturally beautiful," she said, "but the older women who are beginning to show signs of age are those who are willing to spend on a multitude of beauty aids."

Miss Sanders bolstered her contention by the statement that a large proportion of the women who write to beauty departments of magazines are those approaching middle age.

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Early Closing Unfair?

Vancouver's early closing by-law for retail stores in the downtown section has passed its first test. Recently the proprietor of a hardware store kept open until after the 5.30 p.m. closing law and received the nominal fine. The magistrate in question indicated that the whole case hinged on legal wording of the by-law.

Bankruptcies

The Canada Gazette announces meeting of the creditors in the matter of:

Price, C. V., Halifax, N.S.
Young, T. E., North Sydney.
Cook, G. G., Halifax.
Warrick, A. C., Windsor, Ont.
Markle, H. S., Hamilton.
Ewing, R., St. Catharines.
Seaway Lines Ltd., Windsor.
Ayoub, M., North Bay.
Hoffer, A., Quebec, P.Q.
Uditsky, M. Montreal.
Barry's Lunch Ltd., Montreal.
Vermette, A., Montreal.
Lambert Inc., J. A. T., Quebec.
Deziel, C., Montreal.
Sanchez, J. M., Montreal.
Meunier, L., Montreal.
Robichaud, H., St. Jean Port Joli.
Service Printing (The) Co. (of Saskatoon) Ltd., Saskatoon, Sask.

THE LEAGUE OF NATIONS

SAYS SO, TOO!

From Geneva recently came a League of Nations bulletin on malnutrition. It promoted the adoption of a "protective" diet, including plenty of milk products . . .

Ontario mothers nodded approval. They have been learning about the menace of "Calcium Shortage" and the importance of milk-minerals. Their information has come through a remarkable series of advertisements by Kraft on behalf of its cheese product, Velveeta.

Velveeta advertising is built as the product itself is built—on a basis of scientific fact. But the story is told in terms of human *emotions*, child scenes, mother love, appetite and hunger. We sell neither cheese, nor calcium, but a humanized IDEA.

Because that way, advertising really reaches the springs of human impulse and action . . . cannot fail to be resultful, profitable.

The Kraft-Phenix Cheese Company, Limited, has been a client of this company in Canada since 1930. Products advertised include Velveeta, a variety of other cheeses, and the famous Miracle-Whip Salad Dressing.

J. WALTER THOMPSON Company, Limited

Serving 38 of Canada's leading advertisers, directing campaigns for these among other products: BARKER'S BREAD, O'KEEFE'S GINGER ALE, CREAM OF WHEAT, FIVE ROSES FLOUR, LUX FLAKES, ROYAL YEAST CAKES, J. B. WILLIAMS SHAVING SOAP AND CREAMS, CHASE & SANBORN COFFEE.

U. S. Advertising Has Small Gain

Three of Five Main Divisions Under Last Year's Returns

From Our Own Correspondent

MONTREAL.—September advertising linage in 52 metropolitan cities in the United States, as measured by Media Records Inc., and published by Editor and Publisher, totalled 117.2 million lines, an increase of 2.5% over the same month last year.

The principal gain was made in classified advertising, which advanced 5.3% to 23.7 million lines. Display advertising at 93.5 million lines was 1.8% more than reported a year ago.

In the breakdown of returns, retail advertising shows a 5.3% increase at 68.3 million lines. Departmental store advertising advanced to 28.8 million lines, an increase of 3.4%. General advertising, on the other hand, dropped 5.8% to 19.8 million lines. Automobile advertising also was off, amounting to 4 million lines, or 4.8% under the 1936 figure. The greatest decline was recorded in financial group, which lost 20.6% to stand at 1.3 million lines.

Foreign Business

United States Chamber of Commerce summarizes foreign business as follows:

Czechoslovakia—Steady improvement was recorded during the third quarter of 1937, both as compared with the preceding quarter and with the corresponding period of 1936. This was due to activity in armament industries and improved export trade.

Belgium—Several factors restricted seasonal improvement during September but a few encouraging features became evident, including signs of revival in the iron and steel industry, continued heavy demand for coal and coke, and export orders received by cotton weavers.

Greece—Foreign trade during July was much heavier than last year, especially on the import side, and for seven months the foreign trade turnover improved, the gain in imports being more prominent.

China—Economic and commercial life is going on under tremendous handicaps; Manchurian exports and imports showed heavy increases over August, 1936, and shipments to North China increased with the advent of quieter conditions in that area; troop transfers impairing rail service.

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Construction

British Building Boom Is Analyzed by Bureau

P. E. P. Finds Lack of Needed Low Rent Houses

Despite the contribution of the assisted building boom to business recovery in the British Isles, the impressive result in dwelling replacement and multiplication is regarded by the London survey bureau P. E. P. as falling short of its most vital objective—provision of sufficient housing facilities for those in the lowest income brackets.

A rise in the cost of finished low-cost dwellings, estimated to be twice the 10% increase since 1933 in building prices, is regarded by P. E. P. (Political and Economic Planning) as working against early attainment of this objective. It is also seen as reflecting the failure of the building industry to adopt modern, scientific and more economical methods of building technique and site management. Any improvement has been piecemeal and confined largely to introduction of new materials and appliances which have, however, failed to be widely adopted by builders.

The P. E. P. report also complains of a lack of consultative and technical facilities to aid builders, and of a chaotic confusion in regard to building legislation. "Extraordinary anomalies" are declared to have arisen out of failure to relate local and district by-laws to national legislation, to actual needs or to modern building standards.

In 1934, P.E.P. estimated that then existing conditions required erection of one million houses between 1935-41, built to rent at an average rate of 10 to 11 shillings a week. It was suggested that 200,000 houses should be built annually, with half renting at an average of 10s. a week, and 50,000 houses demolished each year.

The new report finds that nearly one million houses were built in the three years ended last March, an average rate of 330,000 a year. Of the total, 850,000 were built by profit-expecting private enterprise without State assistance, and of these only 190,000 were built for renting purposes instead of for sale, though the proportion of built-to-rent dwellings is increasing.

Few Low-Rent Houses

Less than 110,000 of the rentable houses were listed at an assessed value permitting fairly low rents, P. E. P. found. Taking the privately built houses as a whole, P. E. P. reports that the average unit could not be rented economically at the desirable rate of 10s. for lowest income groups, and that even those purchased under a favorable weekly payment plan could not be acquired at a rate below 15s. a week.

General Comment

In comment on the broad economic implications of the housing and general construction boom, P. E. P. says:

"The intensive building activity of the last few years was, together with the cheapness of money and the fall in the cost of living, the mainspring of economic recovery in this country. This is not surprising when it is considered that the constructional industry in Great Britain at June, 1936, employed nearly 1.1 million persons, the building materials industry 303,000 persons, and a group of allied industries the demand for whose products is considerably affected by building activity, some 402,000.

"This boom materialized largely because economic circumstances so changed that it became possible as an economic proposition to make good some of the arrears of socially necessary building which had accumulated for many years. Prior to the fall in interest rates and building costs in the slump it had not been an economic proposition for private enterprise to build the types of houses for which there was the greatest social demand.

Recession Unlikely

"It is unlikely that any serious recession in building activity as a whole need be faced during the next two years. In so far as the present boom has been due to the sudden economic ability of the industry to make good past arrears of socially necessary housing development, it is inevitable that such activity must die down as the arrears are worked off. The building industry must then either adjust itself to meet normal demand for replacement and expansion, or make strenuous efforts to maintain and expand its markets by its own devices.

"In default of any vigorous effort on its own behalf, the building industry may well find itself in much the same economic circumstances as those experienced by the American industry since 1929. If the industry wishes to remain flourishing it must make strenuous efforts to create its own markets in the future, in the same way as other manufacturing industries have had to do."

New Building

Steel Co. of Canada, Hamilton, Ont., is receiving through architects, tenders for construction of new four-story office building at its Hamilton plant.

Royal Victoria Hospital, Montreal, is preparing for construction of four-story addition to the internes' residence.

Department of National Defence, Ottawa, has awarded contract for erection of armories at Hull, Que., at estimated cost of $200,000.

Confederation Amusements Ltd. is preparing to launch erection of $175,000 theatre and store block on Queen Mary Road Montreal.

Canada Metal Co. will build a $25,000 addition to its Montreal plant.

St. Laurent, Que.—Project for erection of 50 houses at cost of $200,000 is under way, plans having been drawn by Tourville & Parent, architects.

Canadian Silk Products Ltd. is checking tenders in preparation for awarding contract for building of addition to its textile mill in Sherbrooke, Que.

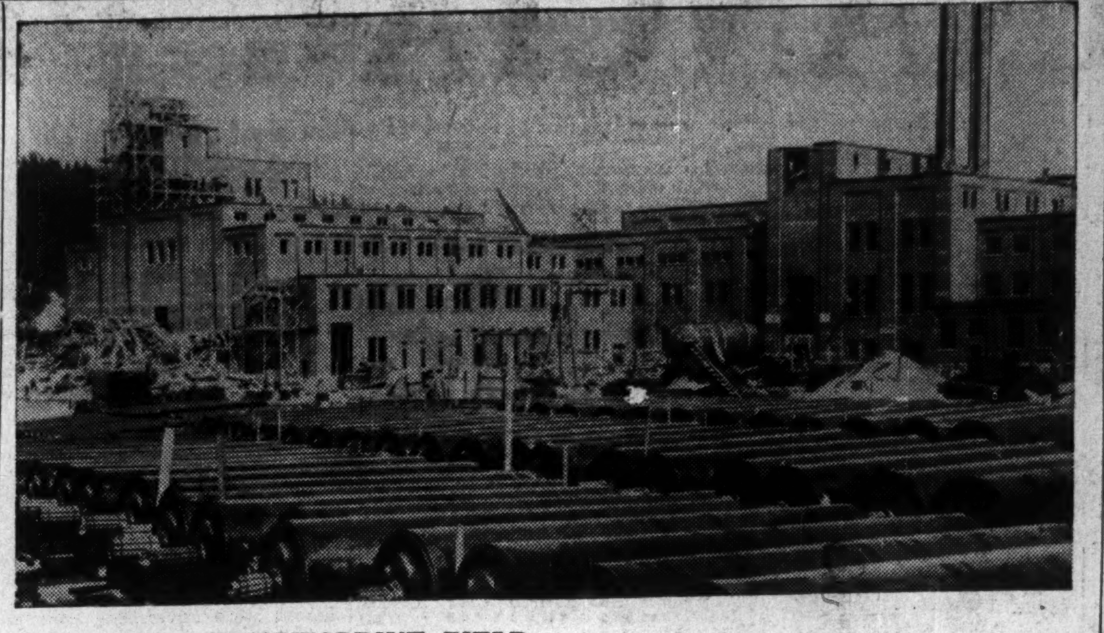
Walter Baker & Co. of Canada, Montreal, is ready to launch construction of an addition to its Albert street factory.

Department of Transport, Ottawa, is receiving tenders up to Oct. 18 for construction of radio range station buildings at Lethbridge and Medicine Hat, Alta., for use in connection with operation of Trans-Canada Airways service.

Goodyear Tire and Rubber Co., New Toronto, is analyzing tenders received up to this week for construction of a new building at its Bowmanville, Ont., plant.

Capital Brewing Co., Ottawa, is preparing to award contracts for $50,000 addition to its plant here.

Department of National Defence has awarded contracts for clearing and runway grading work in connection with airport development at Yarmouth, N.S. Cost of work involved is estimated at $202,000.



NEWCOMER TO NEWSPRINT FIELD

In the early part of next spring, Ontario Paper Co. will bring its Comeau Baie newsprint mill into operation, three months ahead of schedule. Rated at a daily capacity of 300 tons, the output of this mill will go to meet the requirements of the New York Daily News, which hitherto has bought its paper supply in the open market. The view above shows the building to house the newsprint machines on the left, the power plant on the right, with rolls for the machines in the foreground.

Realities in Real Estate

(Continued from page 1)

years, was owner's "gravy," therefore fair game for the taxer.

The trouble with that argument is that, in the main, land has not produced an increase anywhere nearly sufficient to absorb the increase in taxes seen in the past decade.

Taxation is of two kinds. It is levied on account of persons or on account of things. Because real estate is about all the harassed municipal government has to tax, it has been laden with paying for many things not peculiarly applicable to it.

Roads, waterworks, police and so forth unquestionably add to the desirability of real property, therefore to its value. Schools, which real property very largely supports, are in a different category. They make property more desirable. But should property owners bear such a large percentage of the burden of educating the children of the rest who do not pay?

Relief Costs

Relief costs, of course, account for the major leap in the Government's need for money. Some 12% of your present property taxes go to provide for the workless, it is estimated.

But here is an example of municipal desperation and the modern chaos in taxation logic. It is of no conceivable importance to the value of your property that you pay relief costs. Simply because real property has been the willing and able horse and because of legislative lack of alternative, relief costs have been piled on the back of the property owner.

Private ownership of land has been the key factor in the common man's escape from slavery and the advent of democratic government. When a man's house became his "castle" the despotism of the past could no longer crush free speech, free thought, the gospel of equality.

Owners in Minority

But how about this fact of 1937? Individual owners of real property are a minority.

Take the case of Toronto, for instance. These are figures which officialdom seems loath to publicize. It is reliably estimated that about 55,000 ratepayers plus some 18,000 business taxpayers pay the entire $37.8 millions of Toronto tax revenue. That means $550 per property taxpayer.

Theoretically, of course, land taxation is spread equitably over the whole population in rent, a theorem which presupposes that whenever a land tax increase is declared, the landlord announces an increase in rent to his tenants.

Does he? Ask fast, before he laughs you to silence. The "lean and hungry look" of the 1937 landlord is to be blamed largely on the fact that he cannot pass on to his tenants the tax increase. The whisky baron can pass on tax increases. The landlord can't get away with it. Taxes have been increasing for eight years while rents have fallen and stayed down. Some landlords have, this fall, tried to hoist rents something like 10%. This is the first time in half a dozen years they have dared the attempt. Few succeeded.

Taxes, Rents Unrelated

The factors that bring higher taxes are, under present circumstances, little more related to the factors that bring higher rents than whisky is to whiskers. Tax and rent increases cannot find common ground.

Nor is there solution in all property owners banding together to vote into municipal office their own candidates.

Politically, economy hardly ever pays. The "possessing class," the direct land taxpayer is in the minority. His vote is far less important than that of the clamorous "have-not." The property owner on the whole is a busier individual to whom the undignified wrangle with officialdom is scarcely worth the dollars he might save. The politician, since his "business" is to stay in favor, gladly accepts this fact, and extravagance, at other people's expense, becomes the rule.

Thus slum clearance and housing schemes—that would soak the man with a house to rent in order to provide someone else with a house at less than he could afford to accept—are much in the public eye. If some of the arguments are "sentimental" rather than economic, that fact does not reduce their popular appeal.

In the past, building has nearly always led the way out of depressions. This time, it was again looked to to play Moses to a dejected, bedevilled thousands of other industries.

Because an estimated 50% of the lists of the unemployed were made up of building workers, it was logically thundered that building must recommence. But at the same time, labor unions found governments sympathetic to their pleas for higher wages. The cost of building started to climb. Taxes on real property were so high that the inducement to build was slight. The building pump had to be primed. Canada tried the Dominion Housing Act and the Home Improvement Plan, neither of which was ever intended to provide more than a small part of the answer.

Booms in the Past

But there have been great building booms and great fortunes made in real estate: can't they happen again?

To which the answer is: what made possible the great booms of the 1870's, the 1910's, the middle 20's? Bulging population with a high birth rate and immigration are the fundamental reason. The West was opening up and the industrial centres were sprawling. Transportation developments were recasting civilization. There were relatively few ways to invest money. Many schemes were hare-brained, or fraudulent. Land and property was a "safe" investment because taxes and building costs were low enough to permit a fair return. The real estate buyer could expect, in those expanding days, to find his property materially increasing in value.

Now increasing taxes raise the problem, is real estate a wise, safe investment? Is home-ownership worthwhile?

Say you have $20,000 to invest—safely. You put it, half into low interest bonds and half into common stocks or gold mines. Your income from that money is around $1,000 per year. Put that same $20,000 into real estate in one of scores of urban centres in Canada and your property tax will be some $900!

20% of National Wealth

Buildings represent some 20% of the national wealth. For the vast majority a man's house is inseparably knit with his personal philosophy about living. Because real property is tangible, because you can live on or in it, mankind regards it instinctively as a refuge when all else goes wrong. For jewels, bonds or gold stocks couldn't raise vegetables or provide a place to sleep.

Real property therefore has in the past and will continue to command public confidence. There are centuries of tradition and oceans of sentiment behind the demand that real estate be "a safe investment."

The depression wiped out 30 to 50% of the value of Canadian real estate, it is estimated. Although general business has been climbing back near its 1929 high, real estate has lagged far behind making a slow and uncertain recovery.

What is the way out? What hope is there of restoring real estate to its traditional place as one of the first and soundest investments a man makes?

Rowell Commission's Work

Taxes are fundamental. The Rowell commission is reviewing the Canadian taxation picture with a view to apportioning the burden more equitably. That it will solve the problem for real estate in short order is more than can be expected.

The hope is that it will reshape the taxation framework so fundamentally that the tax trend will be reversed and point directly to a Canada in which taxes are paid on a basis of real ability to pay rather than on a hypothetical ability to pay.

Until the tax situation is cleared up, there can be no brighter reality for real estate.

Decay and obsolescence are the second set of factors that—curiously enough—offer hope. During depression years, and continuing almost to the present, building dropped so far behind that houses and offices would have to be occupied for 132 years if there were to be enough to go round under normal demand. And 50 years is considered a good old age for the best type of modern construction.

True, families are smaller, the birth-rate is falling and immigration has been stopped, which dampens hope that there will, so long as these facts remain, be any return of the giant building booms with cities sprawling and civilization crashing against new frontiers.

But for the immediate future there is still this fundamental fact that people have continued to get married and have babies, and that houses have been wearing out, three or four times faster than new houses were being built to take their place.

Comfort Standard Higher

Never before in history has obsolescence been travelling at such a high speed, which still further brightens the building picture. Standards of comfort and service are higher than ever before. This is a machine age and machines work with marvellous efficiency. There is growing intolerance with backward, inefficient house construction.

The past eight years have inaugurated this new standard. Those same years saw the building industry virtually dead. Therefore, the urge for modern housing has grown abnormally fast, and while it may remain latent for years to come there is still a giant job for building to do.

There is an important stock of latent new house demand created by the automobile. Living in a city close to one's daily work has lost much of its importance and around nearly every city there has been the growth of suburbs. And experts are agreed that this trend is, in general, going to be increasing.

For the owner of older property, relief from excessive taxation appears to be the biggest development he can shortly hope for. Housing schemes and slum clearance are being sown in the public mind and to these we devote a separate article. While property owners have regarded both with dread, it is not impossible that some scheme for mutual advantage may be worked out and that improving old property will not be putting good money after bad.

The case for and against home-owning is the next article in this series to appear in The Financial Post.

Obituaries

George E. Hughes, commissioner of the city of Calgary, died in that city, aged 65. He was head of the firm of Hughes and Hurst, general contractors. Mr. Hughes, born in Hexton, Ont., first went to Calgary as western representative of the contracting firm of A. G. Creelman and Co.

Pattullo Bridge Opens Nov. 15

B. C. Seeking $2 Millions from Ottawa as Share of Cost

From Our Own Correspondent

VANCOUVER. — British Columbia's Premier T. D. Pattullo will assume a new rôle Nov. 15 when for a few minutes he turns welder and, armed with a blow torch, snaps off a chain across the new $4 million bridge named after him. The chain removed, traffic will pass for the first time across the new Fraser River bridge.

Whether the bridge will belong to the toll category is yet to be determined. Unless the Federal Government advances $2 millions which had been expected as its quota of the cost, the provincial government will charge tolls. If, as some politicians declare, Ottawa comes to the aid of the province in financing the bridge, passage for pedestrians and vehicular traffic will be free.

The bridge is more than twice as wide as the old structure and has four traffic lanes instead of two.

Main Artery

Main artery served by the new bridge is the Pacific Highway, the main road leading from Vancouver through New Westminster to Bellingham and Seattle, Wash., and thence down the coast to Mexico. This is a route of growing tourist importance.

Dominion Bridge Co., Northern Construction Co. and J. W. Stewart were contractors for the Pattullo span. Construction was financed partly by the issuance of $2 millions bonds drawing interest at 3½%. Under the agreement made in 1935 when the project commenced, the bridge company was to dispose of the bonds at par and give the Government $2 millions, thus acting merely as an agent in floating the loan. The company accepted provincial government bonds instead of cash in payment. The sum of $4 millions to cover all costs was voted by the Provincial Government.

Construction World

First Year of H.I.P.

Volume of Home Improvement Plan loans slacked off during the first half of October in harmony with the seasonal recession in general construction. It now appears likely that when H.I.P. completes its first year of operation on Nov. 1 the total of loans granted will be under $11 millions instead of the $15 millions figure anticipated earlier in the year.

The total of loans for all parts of Canada during the Oct. 1-15 period was $494,000, compared with $686,000 during the last two weeks of September. The cumulative total since inauguration of the plan now stands at slightly below $10.4 millions, so that even if the loans made during the latter part of October are equal to those during the first half, the total for the first year will be approximately $10.9 millions.

Detailed figures for the Dominion and the various provinces follow:

H.I.P. Loan Totals

	Oct. 1-15, 1937 No. loans	Oct. 1-15, 1937 Am't. ($000's)	Totals to Date No. loans	Totals to Date Am't. ($000's)
All Canada	1,248	494	26,686	10,385
Ont.	504	209	11,143	4,330
Que.	187	95	4,154	2,027
B. C.	180	48	2,908	945
N. S.	110	34	2,261	714
Alta.	79	30	2,139	917
Man.	96	43	1,800	677
N. B.	50	17	1,161	406
Sask.	28	12	772	268
P. E. I.	14	2	348	95

* * *

Montreal Housing

Analysis and recommendations arising out of an exhaustive survey of housing will be submitted to the Metropolitan Commission of Montreal late in November by its planning and research bureau. The survey involved study of 4,500 dwellings in a defined area populated by low wage groups, and covered such aspects as income, sanitary and structural conditions, overcrowding and moral standards.

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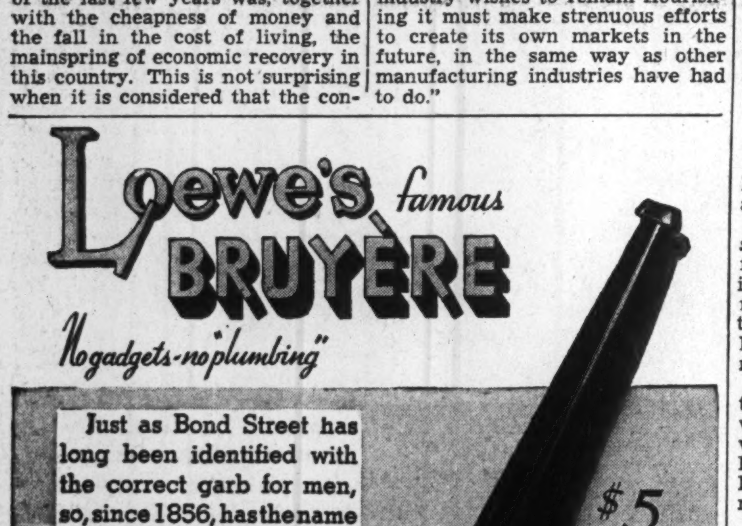

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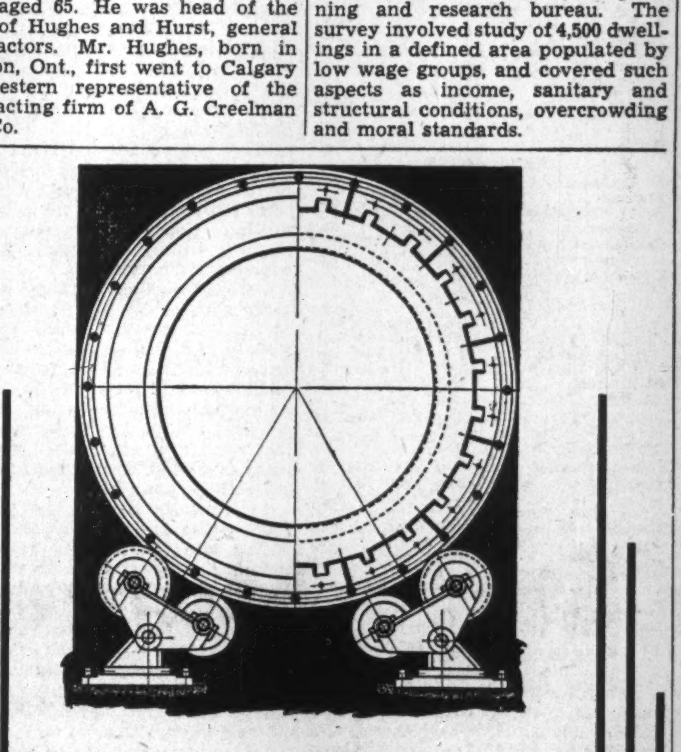

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After the Stock Panic—What Now?

Sobering Effect on Washington Economists is Seen—Administration May Modify Views

Articles by three authorities dealing with phases of the stock market recession appear on this page and tell what happened, where we are now and where we go from here.

By P. H. WHALEY

Editor-in-chief, Whaley-Eaton Service, Washington. Special to The Financial Post

WASHINGTON.—The preponderant official and independent opinion in Washington is that the recession in business is intermediate in character and that a retrogression back to depression levels is improbable.

A great many reasons are brought forward as to the cause of the market panic. Undoubtedly, a variety of factors were operating. There is general agreement, however, that the Roosevelt Administration and, particularly the Federal Reserve, put too heavy a foot on the brakes last spring. Strange as it may seem, Federal Reserve policy from March to September was deflationary, after the Hoover method.

The most ill-advised thing done by the Federal Reserve was to raise reserve requirements to the full extent permitted by statute, namely, to double them. There were strong protests both from commercial bankers and from at least two of the Federal Reserve Governors against this action. There was some support for it by important New York bankers who had an idea that, by this means, the price of credit would be raised, to their advantage. Other New York bankers, notably the Morgan group, took the opposite view.

Presidential Deflation

Moreover, the deflationary influence was given a big boost by President Roosevelt's personal attack on prices. Additionally, the President had decided to make a real effort to balance the budget and the Government's extraordinary expenditure was being sharply reduced. In 1936, there had been the soldiers' bonus, in excess of $1.5 billion, to help business along. Estimated extraordinary expenditures for the 1938 fiscal year show something more than $2 billions below those for the 1937 fiscal year. This rather rapid slowing down of Federal expenditure unquestionably was felt throughout the economic structure.

Nevertheless, in spite of the restrictive policy of the Federal authorities, which had begun with the sterilization of gold imports, there is still an ample supply of credit available and it is doubtful if credit policy alone would have justified the panic selling that occurred in New York.

New Deal Scepticism

The fundamental cause was a lack of faith in the economic soundness of the New Deal economy. It is impossible to separate credit policy from tax policy. They work jointly to produce special results in the economy. The President had declared that there would be a general revision of the tax laws, at the regular session, beginning next January. There was nothing in any of his utterances to indicate that he would sanction a modification of the corporate earning tax or of the capital gains tax.

The experience of business with the corporate earnings tax should by now have demonstrated its inherent fallacies. It almost inhibits corporations that are in debt from ever getting out of debt; it requires almost confiscatory penalty taxes for non-distribution of earnings when such earnings are applied to debt payment; it makes no concession for earnings spent for expansion or modernization; it virtually requires that increase and betterment of industrial plant shall be financed by new capital and not from earnings.

May Moderate Tax Policy

The depression in Wall Street may have a very good effect in moderating the administration's views on taxation. Undoubtedly, the experts in the treasury department are not only thoroughly conversant with the bad effects of the corporate earnings tax, but would be most anxious to recommend a revision thereof. It is not yet clear whether this would be acceptable to the President. The Treasury's tentative recommendations will be presented to the Ways and Means Committee of the House some time during November.

It is not believed that the administration would accept a repeal of the law. It might, however, acquiesce in granting exemptions to corporations whose earnings are less than $50,000, and this would cover more than 90% of all the corporations in the country. It might also make some allowance for corporations in debt. There is a possibility, rather slight, that an averaging-up of earnings might be permitted. The treasury, however, has to consider revenue. It is not likely to take any final stand until the actual tax returns of March 15 next are in hand and have been studied.

Despite anything they may say openly, there is no question at all as to the sobering effect the financial panic had on Washington, especially on all the important personnel below the President. It is hardly an exaggeration to say that every high official is jittery and thoroughly scared. Buck-passing has been the popular pastime. Almost any division of the Government has a plausible explanation of how the mistakes of some other division caused the trouble. Even the Federal Reserve has an idea that certain non-monetary factors were influential on the down side.

There is some humor in the change of attitude among officials. Some of those who are most cocksure, who felt that they could manage the whole economy with perfect success and were convinced that markets would move up or down as they waved their hands, have suddenly realized that they are mere chanticleers. They are not so confident now about a "planned economy."

It is emphasized that while the United States was pursuing this deflationary policy all through the summer, the British were doing quite the opposite. London almost alone was supporting the world price structure. Moreover, London was constantly urging, in a very nice way, that the only safe way out was for the United States to follow the same course. But the President himself and his advisers apparently were thoroughly convinced that the recovery was so well under way that nothing could stop it; that all they need fear was a runaway boom.

Is It Depression?

The likelihood of anything approaching the 1932 depression is slight, because that depression was almost wholly due to the financial stringency and there is nothing of that sort now present in the American picture. There has not been even a suggestion of a run on banks, probably because all deposits up to $5,000 are insured.

It is safe to assume that the Federal Reserve, as soon as it can do so without unduly upsetting its dignity, will reverse its policy and again become slightly inflationary, along the lines of British policy. If, in addition to this liberalizing attitude on the part of the Federal Reserve, the tax structure is also revised in such a way as to be less penalizing in the matter of profits, then the Government will be operating for an advance in both of those spheres wherein it most influences business.

The national income dropped from about $90 billions in 1929 to a low of about $35 billions in 1932. It is estimated at $70 billions for 1937. There is virtually nothing in the picture to indicate that the national income is headed toward a $35 billions level, and it would be somewhat surprising if it dropped below, say, $65 billions. This stability of purchasing power is a factor of the first magnitude and must be reckoned with.

Labor Troubles

One of the most disturbing elements in the situation all year has been the indiscipline of labor and the tragic fight between the two great labor organizations, the A. F. of L. and the C.I.O. They are now, at the administration's behest, attempting to negotiate a peace and to restore one big union. There is at least the possibility that the labor leaders, who are served by excellent economists, will sense the danger inherent in the present situation and agree at least to "lie low" for a period.

If the administration, by any means, could give some assurances to industry of relative peace in the labor area, that alone could turn the business tide upward. The Interstate Commerce Commission has authorized certain rate increases for the rails and strongly intimates that other increases will be permitted.

It has been strongly urged in Washington that the R.F.C. step into the situation and finance rail equipment, up to 100%, at a low rate. The President has issued an order that R.F.C. should not make any new loans, although it can carry out any obligations heretofore concurred in. But this order can readily be revoked.

There are three fields, accordingly, wherein the Government can take highly constructive action:

1. The fiscal field, involving both credit control and taxation;
2. The labor area;
3. The rehabilitation of the railroads.

Action in any one of the foregoing spheres, or in all of them together, could very quickly change both the economic picture and the psychological picture—and the latter is of very great importance.

Ready for Action

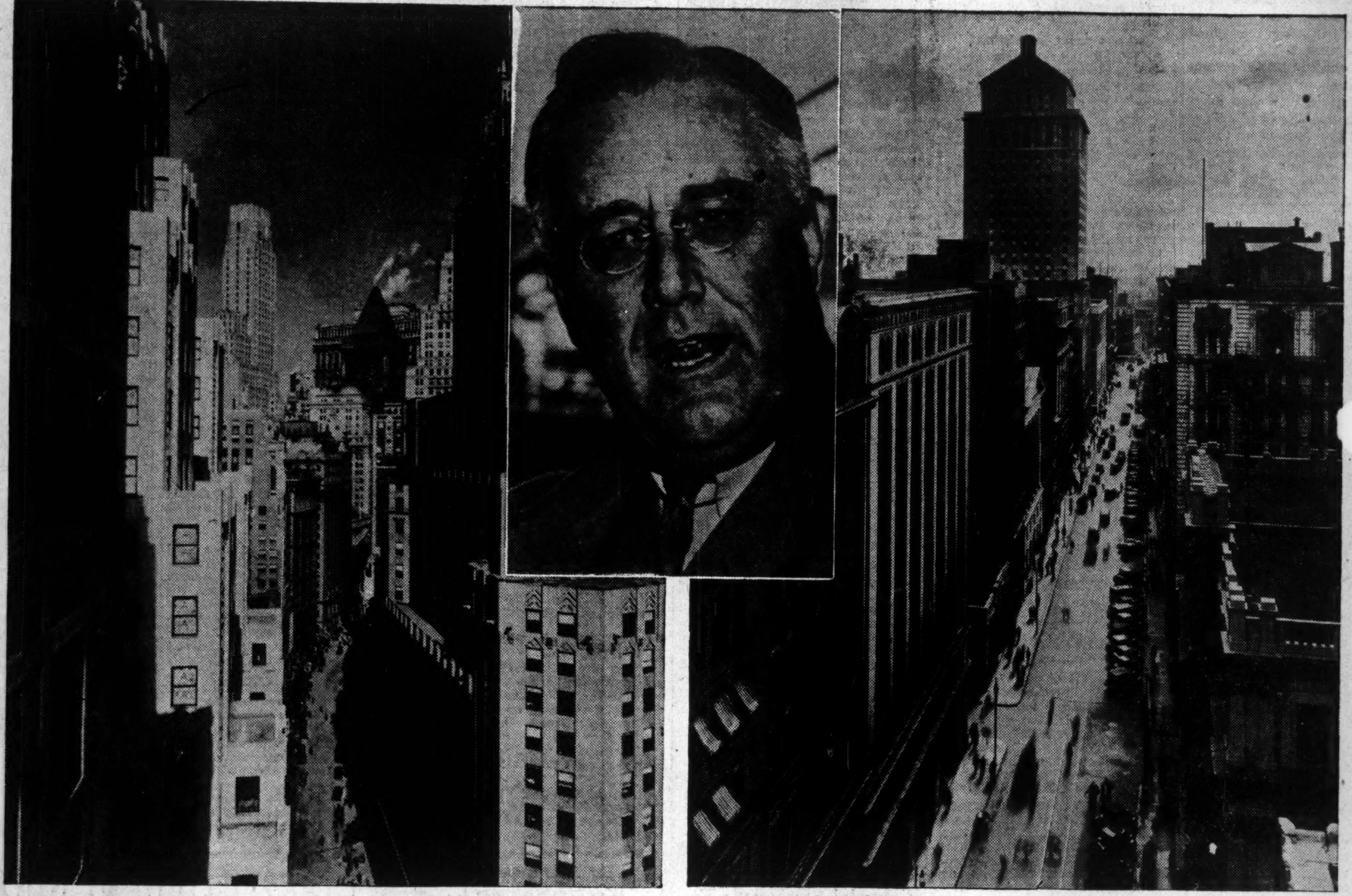
If, however, it should develop that the recession is not intermediate, but is the beginning of a new and severe depression, it is taken for granted that Congress, under Roosevelt's leadership, would make larger and larger emergency appropriations. The momentum of public spending is not something, however, that can achieve immediate results. It requires time to make the appropriations and more time actually to get work started and to get the money into distribution and to saturate the economy with it. No matter what emergency appropriations Congress might make, the economic results thereof could hardly be decisively apparent until 1939.

On the other hand, the loss of any hope of balancing the budget and the presence of huge deficits could mean only one thing, a very positive inflation. Indeed, the danger of inflation comes not from the activity, but from the inactivity, of business. It may take six months to clean up inventory positions.

In the face of another imminent depression, it is probable that the President would not hesitate to reduce the gold value of the dollar to 50c.; even to ask Congress for authority to go lower than that, by raising the price of gold.

It is to be recollected, on the other hand, that the danger of a currency war is almost nil, in view of the stabilization agreement, and there is hardly any likelihood at all of the pound sterling being quoted in the neighborhood of $3.

On the whole, the country has stood up very well under the market break and the disaster may prove to be a priceless blessing. Somebody said: "It has poured sobriety into official hearts." That may be a little extravagant, and it may be that scared officials will get over their fright and be as experimental as ever in their attitude. But the picture at the moment is of a New Deal that has a keener sense of economic responsibility than ever before. It will be worth watching to see if Congress feels the same way.



The shadow over Wall Street (left) also throws its dark outlines over St. James Street (right) and Bay Street. Actions of President Roosevelt's New Dealers and fear of what steps they may take are believed in financial circles to be responsible for the market recession. The boom which the New Dealers took credit for has been virtually liquidated by stock losses.

Business in Canada Seen in Sounder Shape Than in U. S. But Stocks Follow Wall Street

By GORDON L. SMITH

Business Editor, The Financial Post

A second stock crash in ten days, fully comparable with the great decline of 1929, has set Canadian business conjecturing as to what effect this may have on the distribution of goods, the volume of purchasing power and the rate of employment in the months immediately ahead. But aside from a serious wheat failure and some uncertainty in the outlook for export newsprint and lumber, factors that have already been fairly fully discounted, business in this country can see little reason for following the drastic lead of security values.

Within Canadian business itself there would seem to be no reason for any great uncertainty although neither is there any reasonable expectation that the rapid rate of recovery in the early part of 1937 can be resumed until new sources of purchasing power are tapped. Such sources may not be indicated until fairly late in the winter and may be delayed indeed until moisture conditions next spring give assurance of at least a normal wheat crop on the Prairies.

Wall Street Link

Canadian business, however, is not self-contained and strong influences beyond our borders are bound to find some reaction here. There is a very definite if not a vital link, for instance, connecting Wall Street and the stock markets at Montreal and Toronto.

Canadian business, because of this connection and also because a very large part of our export trade is destined for consumption across the line, is naturally affected by business conditions in the United States. But there are other factors that are not identical.

Here we largely escaped the orgy of "New Deal" legislation that swept over the United States during the early years of the Roosevelt regime.

While our dollar and the price paid for our gold did fluctuate with that in the United States, we lacked the "shot in the arm" of the $1.5 billion soldiers' bonus paid in that country last year. Here there was nothing to equal that enormous handout. The bulk of the money went immediately into purchases of new motor cars, radios, furniture and clothing. But purchasing power here in 1936 while not improving so rapidly did increase steadily and substantially. Other barometers, such as car loading and employment, too, performed just as satisfactorily.

Canadian Progress

In construction the Canadian picture has remained brighter than across the line. In dollars spent we are running close to 40% above a year ago and contrary to United States, the improvement has continued into the fall.

In export trade there is little comparison. Canadian volume promises this year to eclipse all previous records not excluding that of 1929, while only moderate gains have occurred in the United States.

Our steel mills continue to be working at capacity, while those across the border, their back orders filled, are scrambling for about 60% of the volume of six months ago. In mining production and exports there has been no cessation here and in pulp, paper and lumbering none indicated until the last week or two. In these forest industries, working at peak levels for over a year and establishing new records almost every month, there is now some concern over temporary overproduction, but not regarding drastic decline.

In agriculture the comparison is not so favorable toward this Dominion, and not nearly so when one remembers that this is Canada's greatest single industry but only one of several important lines in the United States. The latter for the first time in three years has again produced an exportable surplus of wheat. In addition there have been big crops of corn and cotton.

Had there been no drought in Saskatchewan last July there would certainly have been no real reason for any business recession in Canada this fall.

Losses to Business

What effect stock market losses will finally have on business is difficult to appraise, because these losses cannot be estimated until market stability has been restored. Some of the loss will be on paper only and some will be regained if prices continue to come back. There may, too, be a very considerable loss in willingness to spend if uncertainty continues. Undoubtedly unless there is a most convincing and sustained display of strength on the stock market in the very near future immediate luxury buying is bound to be curtailed. This will be discouraging to motor manufacturers now introducing their new models and to Christmas trade. Already there has been some slackening in buying of this kind. The weekly business index of the Dominion Bureau of Statistics has shown almost continuous recession for over a month, being off this week almost 9 points from the high of 115.1 reached Sept. 11.

The Stock Market Purge and Inflation

By a Canadian Investment Economist

The stock market has been mirroring a snare and a delusion; a snare because of the predicament in which the Roosevelt New Deal is now placed, and a delusion because inflationary action has not brought the expected inflationary consequences.

Owing to the close business and financial relations between Canada and the United States, any discussion of the decline of Canadian stocks as related to inflationary influences must consist largely of analysis of the American situation.

The most notable inflationary developments were in 1933, when the United States treasury was raising the price of gold and when in January, 1934, the dollar was devalued in terms of gold. At that time New Dealers would not admit that the Roosevelt fiscal objectives and their expression in monetary policy were inflationary.

Yet buyers of common stocks insisted that rising public debts and deficits, huge excess reserves thrust on American banks, and rapidly rising bank deposits were nothing else if not inflationary. And they bought stocks as "a hedge against inflation." Many of them still have large profits but those who came to the idea of stock-buying later have had some substantial losses.

Second Large Dose of Inflationary Medicine May Bring Consequences Expected Several Years Ago

The financial aspects of the New Deal were originally based on the view that American business and employment needed a lift. They were also based on the idea that a 15-billion-dollar priming of the pump could eventually be followed by a compensating rise of private financing of business enterprise, a restoration of business confidence and a balanced budget. The theme of it all was that the Government's original spendthrift policies would give them the lift; then when business began to take up the slack by doing its own reconstruction the Government could gradually taper off its outlays. Uncle Sam was merely going to spend himself into prosperity.

The whole plan looked well on paper. For a time it looked well in action. But the hand was overplayed. The balanced budget objective was deferred, perhaps not without political significance in the election year of 1936. A balanced budget at Washington in the prosperous day of 12 or 18 months ago might have turned the trick into a more solid recovery based on business confidence and industrial reconstruction. The original New Deal objectives might have been realized.

Unfortunately, the continued animosity of the New Deal toward business and the unimpeded growth of regulation and taxation have eliminated the important psychological factor of business confidence. The revival of confidence, one of the pillars of New Deal success as it was first preached, was forgotten.

The stock market has a way of appraising such changes as these, and it will be surprising if it is not pointing to a New Deal which has to be renewed, at least in the matter of spending. Ultimately, it is a fair guess that the current slump will forecast a reversal of the present economy objectives of the New Deal.

Inflation was a delusion which many investors in common stocks are beginning to understand. Some of the monetary action of recent years has been inflationary, but not much beyond the normal course of recovery in industry and in commodity prices has ensued. The lesson in this is that it takes time for the forces of inflation to take full effect and that it is in this slowness of the virus to take effect that the very dangers of inflation usually lie.

In recent months, deflationary moves in the United States have followed the earlier inflationary developments. The deflation has been in the form of restrictions on use of bank reserves and in sterilization of gold. Some of the recent liquidation of stocks must have come from inflation investors and inflation speculators. In a sense their disillusionment is merely part of the New Deal breakdown which is now finding expression in receding business, contraction of credit, falling prices and waning confidence.

Yet the time to worry about inflation is precisely when business and investment conditions are at their worst. On the face of it, there is hardly room for doubt that the present deflationary trend must ultimately be followed by Government intervention of an inflationary character. However it may be veiled, it will be a reversal of the latter day New Deal policy of economy.

A second large dose of the New Deal inflationary medicine may bring the consequences that were expected three or four years ago when the doses were first ordered by Dr. Roosevelt.

NOTICE

Notice is hereby given that the INSURANCE COMPANY OF NORTH AMERICA has received from the Department of Insurance, Ottawa, Certificate of Registry No. C-524 authorizing it to transact in Canada insurance against loss of or damage to property caused by vehicles, limited to the insurance of the same property as is insured under a policy of fire insurance of the Company, in addition to the classes for which it is already registered.

H. C. MILLS,
Chief Agent in Canada.

NOTICE

Notice is hereby given that the PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY has received from the Department of Insurance, Ottawa, Certificate of Registry No. C-526 authorizing it to transact in Canada Falling Aircraft Insurance, Hail Insurance, Civil Commotion Insurance and insurance against loss of or damage to property caused by vehicles, limited to the insurance of the same property as is insured under a policy of fire insurance of the Company, in addition to the classes for which it is already registered.

H. C. MILLS,
Chief Agent in Canada.

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Notice is hereby given that the ALLIANCE INSURANCE COMPANY OF PHILADELPHIA has received from the Department of Insurance, Ottawa, Certificate of Registry No. C-525 authorizing it to transact in Canada Falling Aircraft Insurance and insurance against loss of or damage to property caused by vehicles, limited to the insurance of the same property as is insured under a policy of fire insurance of the Company, in addition to the classes for which it is already registered.

H. C. MILLS,
Chief Agent in Canada.

NOTICE

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H. C. MILLS,
Chief Agent in Canada.

Insurance

Life Company Assets Unaffected By Slump

Only 3% of Total Assets of Canadian Group Now Invested in Common Stocks — Bond Holdings Total 26%

Security of life insurance policyholders was again demonstrated in the recent stock market plunge.

Excluding Sun Life, less than 3% of Canadian life insurance company assets are in common stocks, while over 26% are in bonds which remained remarkably firm throughout the general decline.

Sun Life, which in 1929 had about 54% of its assets in common stocks, has been shifting them into other forms of investment until now it has only around 30% in common stocks.

Empire Life is another company which had at one time over 30% of its assets in common stocks. At the end of 1936 this ratio had shrunk to less than 15%.

For the past five or six years life insurance companies on this continent have been permitted to use "authorized" or average values in preparing their annual balance sheet statements. This was a compromise plan worked out after the security slump of 1929 to avoid the use of actual year-end market values which, it was felt, were not a true indication of the intrinsic value of life company holdings. Last year for the first time all companies returned to a strict book or market value basis again.

Any change of this policy, such as return to "authorized" values, will by no means be necessary unless a renewed and much sharper stock market decline develops, The Financial Post is reliably informed.

One important feature of the present decline is that bond values have been comparatively stable. About 26% of all life company assets are in this type of security, so that the firmness of this major outlet for investment has stabilized company positions. The Financial Post index of 7 representative government bonds has declined less than one point in the past two months.

National Buys Golds

National Life assets have in some degree been going into gold stocks. "We feel this market decline has fully justified our action," declared President H. R. Bain, "because gold stocks have declined far less than the average decline for the whole market.

Common stocks have been regarded as main line defense against inflation because they would tend to increase in ratio with prices while most other forms of investment would remain at a pre-inflation price.

Government Regulation

To protect policyholders against excess in common stock buying by insurance companies, however, the Dominion Government in 1932 ruled that they could not maintain more than 15% of their assets in common stocks and that companies holding more than 15% must not buy more until the 15% ratio had been reached.

Type of common stocks open to insurance companies is also strictly regulated. Par value common stocks shares must have an unbroken seven year records of paying dividends of 4% or over. Common stock of no par value must have a dividend record of $4 per share. These regulations, therefore, automatically limit insurance company purchases to the very highest grade of common stocks.

Life Sales Up Seven Per Cent For 9 Months

Newfoundland Has Highest Percentage Gain in New Business

TOTAL $281 MILLIONS

Improvement of over 7% in new ordinary life insurance sales in Canada and Newfoundland for the first nine months of this year, as compared with the same period in 1936, is revealed in figures compiled by the Life Insurance Sales Research Bureau, released by the Canadian Life Insurance Officers Association.

Total sales for the period amounted to $280,888,000, as compared with $262,300,000 to Sept. 30, 1936, Ontario leading all provinces with over $124,000,000 of new business and Quebec second with over $78,500,000. The highest percentage of improvement was shown in Newfoundland, up 26½%.

Details of life insurance sales by months:

Ordinary Life Sales*
(a) Sales by Months 1934-1937
($ 000 omitted)

	1934	1935	1936	1937
Jan.	27,718	32,988	33,347	27,699
Feb.	29,036	28,716	28,834	30,604
Mar.	32,564	31,416	30,552	31,998
Apr.	33,296	28,900	28,876	32,919
May	33,134	27,423	28,411	31,858
June	32,277	32,112	31,247	37,700
July	33,951	32,155	31,396	32,364
Aug.	26,650	26,854	23,547	28,274
Sept.	26,123	26,696	28,090	27,514
Oct.	31,342	30,416	29,402	....
Nov.	35,863	35,158	36,710	....
Dec.	27,691	36,550	34,146	....

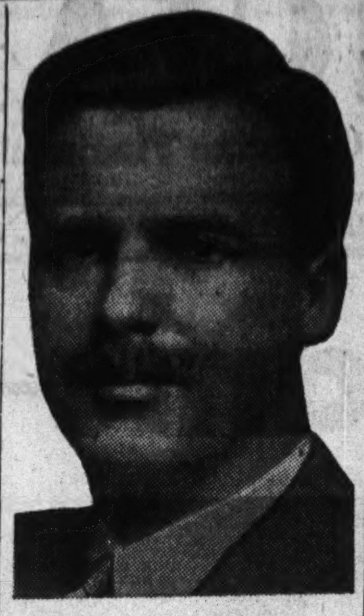
Volume of new ordinary business for September alone totalled over $27,500,000, an increase of approximately 5½%, as compared with the same month last year. The feature of the month's business was the remarkable improvement shown in Alberta, where sales were up 23½% as compared with Sept., 1936.

	September 1937 $ 000	September 1936 $ 000
British Columbia	2,231	1,880
Alberta	1,029	889
Saskatchewan	875	1,245
Manitoba	1,428	1,542
Ontario	11,973	12,078
Quebec	7,594	7,096
New Brunswick	857	869
Nova Scotia	1,099	1,277
Prince Edward Island	128	108
Newfoundland	300	182
Total	27,514	26,966

New Company Enters Canadian Insurance Field

Newest company to enter the Canadian insurance field is National Retailers Mutual Insurance Co. which has just been licensed by the Federal department of insurance to write fire and allied lines in non-assessable participating policies. Head office for Canada is in Toronto. Vance C. Smith is in charge.

National Retailers is associated with the Lumbermen's Mutual Casualty Co., of Chicago, which has been operating in Canada for many years. National Retailers is thus the second of the James S. Kemper chain to enter the Canadian field.



HEADS CONVENTION

Under the chairmanship of J. S. P. Armstrong, president of the Life Underwriters Association (above) two thousand Ontario life insurance agents are meeting at the Royal York Hotel this week to attend a special Ontario and provincial sales and educational congress arranged by the Life Underwriters Association of Toronto.

This undertaking, the first of its kind, will bring together agents of all companies to hear internationally recognized speakers discuss important educational and selling phases.

Programme includes C. Preston Dawson, chairman of the Educational Committee, New York Life Underwriters Association; Thomas Bradshaw, president of the North American Life; J. E. Kavanagh, vice-president of Metropolitan Life, New York; G. Fay Davies, superintendent of agencies, National Life; O. Sam Cummings, Dallas, Texas, president of the National Life Underwriters Association and past president International Kiwanis; Sheldon F. Muter, Metropolitan Life; Lloyd J. Lynch, of Minneapolis, general agent for the John Hancock Mutual.

A feature of the gathering will be the "Leading Producers' Clinic," composed of the most successful salesmen in each of four large Canadian companies—T. H. Dickinson, C.L.U., Mutual Life; Kenneth Brown, C.L.U., Canada Life; L. M. Montgomery, Sun Life; J. B. Nettlefield, Great-West Life.

Life Insurers Urged to Give Frank Picture

Financial Statements Fail to Give All Facts, V. R. Smith Believes

In an attack on present life insurance company annual reports, V. R. Smith, general manager of the Confederation Life Association in his presidential speech to the American Institute of Actuaries meeting at Chicago this week declared that although financial statements reveal if a company is solvent, they are virtually no use whatever for informing either the Government or the policyholder if the company is being wisely or efficiently conducted.

"Life insurance claims, and rightly so, that it is one of the world's greatest co-operative enterprises, but do the annual financial statements of the companies give to all the partners in the enterprise the precise and complete information that partners might rightly expect to have provided them? No accountant of any standing would say yes to such a question," the speaker declared.

"There does not appear to be any single question of importance which the man in the street could ask about the progress of a life insurance company to which the income and disbursement statement would not give an incomplete, if not incorrect answer, or no answer at all."

New Mortality Table

Mr. Smith referred to a suggestion that insurance companies should protect themselves from unjust public criticism by drawing up a new mortality table as basis for life insurance costs.

The mortality tables now in use are based on the experience of a generation or two ago and are now admittedly much too conservative, thereby giving companies the appearance of excessive profits.

While it is generally true that profits are moderate and that excess gains through use of this obsolete mortality table are passed on to the policyholder in increased dividends and so forth, the speaker quoted the plea: "Cannot some means be devised whereby a public not sufficiently well educated insurancewise may not be easily misled?"

"Inasmuch as actual cash transactions in connection with a life insurance company are manifestly not a true barometer of its profit and loss experience," Mr. Smith is not surprised at criticisms and doubts lurking in the public mind.

Picture Not Clear

"In the first place, the cash statement cannot reveal one of the most important charges provided out of incoming funds, namely the increase in actuarial reserve. It does not reveal if any provision was made for depreciation in security holdings, nor does it indicate the losses experienced through a decline in price below book values on securities held but not sold.

"There is the further fact that the statement is apt to be very misleading as to the accurate position of a company when it is considered that in times of financial stress there is bound to be an abnormal call for surrender with unusually heavy disbursements and these would appear as expenses of the years in question although in fact a reduction of a liability previously set up under actuarial reserves. In the same way, during a period when receipts from business written are in excess of disbursements to policyholders, the difference may in error be regarded as a profit."

Banking

Less "Scared" Money In the Stock Market

Banks Report Few Canadian Investors Sold Out in Recent Recession—Exchange Rules on Margins Seen as Aid

In spite of the severity of the recent stock market decline, few investors were sold out by banks, nor was there any scramble for additional loans on securities, The Financial Post was informed by several branch bank managers.

"There was no bother about loans at all," one manager said. "I've been talking to at least half a dozen other banks and I haven't heard of one customer that had to be sold out." These sentiments were echoed by other managers.

An important factor in meeting the emergency, bankers pointed out, was the change in loan policy introduced since 1929. "We used to lend as high as 90% on some stocks in the days of 1929," a manager pointed out. "Now we keep loans down to 65% and on a more restricted list of stocks."

Higher margin requirements demanded by stock exchange rules have also contributed largely to the improvement. But brokers and bankers point out that money in the stock market in recent years has been much higher "quality" than in 1929.

No "Scared" Money

Government annuities and life insurance of the investment type have been increasing during recent years. Both have aided materially in relieving the market of "scared" money. With stockholders owning comparatively large equities and with most of them being relatively well informed traders, market casualities have been reduced to a minimum.

Of major interest, especially to Canadians, is the deduction of one bank general manager that the present business decline and stock market recession gives added assurance that the price of gold will not be reduced by the Roosevelt regime. That there is any hope for increased gold price, however, this executive is extremely doubtful.

Probability that Roosevelt will apply a new "shot in the arm" for business through reviving major expenditures on public works which were drastically reduced at the beginning of the year was mentioned by another bank head office executive.

Booming heavy industries and a busy construction world have been the traditional indicators of general business health. This time, both of these, especially the building industry, have shown marked tardiness in recovery.

While a few New York bank heads indicated that their chief concern was still with developing recovery of the "Heavies" and building, a Canadian bank head believes that commodity prices are the thing that should be watched most closely as sign posts of the road ahead.

If the decline in commodity prices becomes general and is passed on down the line hardly an industry would escape.

Paper Losses

While no reliable estimate of the paper loss incurred in the recent slump is yet available for Canada, the figure for Wall Street is something over $27 billions. Since the market bounced back upward and since comparatively few had to take a real cash loss, the loss to business at large will be very less than the gross paper loss figure.

General agreement was found among bankers with the view which Winthrop Aldrich, Chase National Bank chief, put forth in his Rochester speech. Aldrich pointed out that present restrictions on trading imposed by the Security Exchange Commission have gravely impaired the efficiency of the stock market. They have driven out of the market many of the biggest and wisest traders. They prevent informed and expert traders from cushioning a jumpy market.

No Bank Ganging

On the basis of recent conversations with many of the leading U.S. bankers, one Canadian chief bank executive declared he believed there was no truth whatever in the rumor spread in some U.S. circles that some of the bigger banks were "ganging up" with stock brokers to foster a crisis which could be used to pry loose some of the S.E.C. regulations hampering the U.S. stock markets. The rumor also had the angle that the "crash" might be something in the nature of a warning to the new Security Commissioner Douglas who, reputedly, is a blithe young spirit filled with new dealing intentions.

The Financial Post's informant believed that whatever bankers felt about the S.E.C. regulations, they were standing far on the sidelines in the recent market break. Brokers' loans have been very light and decreasing for some months, not because banks were tightening up, but because brokers' and customers' needs were extraordinarily small—to a large degree because of the S.E.C. restrictions.

Bank of Canada Weekly Statement

Deposits of the chartered banks with the Bank of Canada this week increased a little over $7 millions, according to the weekly bank statement.

Deposits of the Dominion Government decreased some $3.5 millions. Bank of Canada holdings of Dominion short-term bonds increased over $3 millions and long term Government bonds were up about $650,000.

Balance Sheet

	Oct. 20 1937 $	Oct. 13 1937 $
Liabilities		
Capital paid-up	10,100,000	10,100,000
Notes in circ.	163,178,165	163,477,672
Rest fund	743,716	743,716
Depos. Dominion	32,152,152	35,658,517
Banks	189,123,760	181,787,145
Other	749,086	398,566
Total deposits	222,024,998	217,844,258
All other liabs.	3,048,210	2,697,074
Total liabs.	399,095,089	394,862,720
Assets		
Reserve: Gold	179,510,979	179,449,393
Silver bullion	2,647,087	2,647,087
Res. in sterling and U. S.	30,523,767	29,708,125
Other curr.	678	740
Total reserve	212,682,511	211,805,345
Subsidiary coin	116,735	132,756
Investments:		
Dom. govt. short.	74,396,013	71,109,813
Other Dom. govt.	96,904,044	96,252,783
Other secs.	10,991,270	10,992,044
Total invest.	182,291,327	178,354,640
Premises	860,637	857,764
All other assets	3,143,878	3,712,214
Total assets	399,095,089	394,862,720
Reserve ratio	55.21%	55.54%

Weekly Bank Clearings

	Oct. 21 1937 $	Change yr. ago %	Oct. 14 1937 $
Halifax	2,855,209	+ 10.8	2,412,081
Saint John	1,896,846	— 0.1	1,520,966
Moncton	981,867	+ 11.2	700,123
Sherbrooke	726,036	+ 16.7	649,632
Quebec	5,840,759	+ 38.6	4,701,384
Montreal	118,949,958	+ 6.8	93,218,474
Ottawa	20,588,962	— 46.3	14,284,512
Kingston	709,213	+ 13.3	524,624
Toronto	124,084,785	+ 1.8	93,995,047
Peterborough	723,358	+ 9.7	542,574
Hamilton	5,903,340	+ 11.6	4,773,742
Kitchener	1,292,099	+ 13.5	913,568
Brantford	1,132,363	+ 7.1	850,128
London	3,329,667	+ 4.4	2,624,486
Chatham	597,919	+ 13.4	1,029,820
Windsor	3,538,002	+ 21.8	2,815,618
Sarnia	513,420	— 0.8	396,618
Sudbury	980,885	+ 9.7	1,111,754
Ft. William	918,462	+ 13.7	679,190
Brandon	470,089	+ 8.9	384,008
Calgary	7,774,827	— 1.6	6,760,579
Regina	3,737,056	— 44.0	3,073,958
Moose Jaw	773,643	— 19.7	655,468
Prince Albert	455,996	— 9.2	395,003
Edmonton	4,752,125	— 4.2	3,677,775
Medicine Hat	321,009	+ 10.4	235,935
Lethbridge	620,387	+ 12.7	600,412
N. W'minster	680,715	+ 5.2	651,537
Vancouver	19,565,665	— 3.2	15,110,118
Victoria	1,844,728	— 3.1	1,562,275
Winnipeg	54,686,377	— 27.5	41,793,913
Saskatoon	1,730,881	— 15.4	1,306,797

Bank Chat

Smashing Tradition

The passing of the annual meeting luncheon, a feature which has long distinguished Toronto financial life, is another sorry concession to the modern age of efficiency and the delusion of speed.

Imperial Bank curtly underscores 2.30 in its newspaper announcements. Shamelessly, it smashes a tradition of half a hundred years and scampers off with Dominion Bank, North American Life and other institutions which scorn the luncheon.

Some time when the outlook is dark and the financial statement glum, directors who banished the luncheon may regret their action and yearn for old times when bright idea nuisances were stilled by fine food; when critics were mollified by the bond of lunch table friendships.

* * *

Testing the Banker

Written and oral examinations recently given to the staff of the Massachusetts Banking Commission have resulted this week in the demotion of 12 members, the discharge of nine and the elevation of nine. Among demotions were those of a $5,100 a year man in the department 21 years and another at the same salary in office 16 years.

* * *

Insuring Borrower

Insuring the lives of borrowers on real estate mortgages so as to cover the unpaid part of their loans in event of death is now being considered by some U.S. bankers. Under this scheme the insurance company pays off the loan if the borrower dies before it matures.

FIDELITY
Insurance Company
of Canada
TORONTO

Are Your Affairs in Order?

It's hard to know exactly where you are and how you stand unless

*

you have a planned Life Insurance programme

*

whereby loved ones are cared for, educational needs anticipated, home made safe for the future, and old age secured.

* * *

So plan your Life Insurance programme now through

SUN LIFE OF CANADA

A MUTUAL COMPANY
NORTH AMERICAN LIFE
Solid as the Continent
Head Office—Toronto, Canada
ALL PROFITS FOR POLICYHOLDERS

1887 GOLDEN JUBILEE YEAR 1937

THE MANUFACTURERS LIFE INSURANCE COMPANY
HEAD OFFICE: TORONTO, CANADA

READY MONEY

Life Insurance should be the foundation of every Estate

because

—at death it can be realized upon at once and at its face value;

—there is no forced sale of assets to supply ready money for pressing needs.

1832 1937

In the U.S.A....

OUR OFFICES in New York, Chicago and Boston are gladly at the disposal of clients having banking transactions in the United States.

World-wide facilities in every department of banking

Coast to Coast in Canada

NEWFOUNDLAND, JAMAICA, CUBA, PUERTO RICO, DOMINICAN REPUBLIC

NEW YORK, CHICAGO, BOSTON, LONDON, ENGLAND

The BANK of NOVA SCOTIA
OVER A CENTURY OF BANKING SERVICE

The Independent Order of Foresters
Monthly Income During Disability

Certificate Plan B: Issued by the Society affords outstanding protection. It provides an Old Age Benefit, payable in one sum, for the full amount of the Certificate, on the 60th birthday, or, payment in the event of death.

In addition, the Certificate provides a generous Disability Benefit of Ten Dollars a month, for each $1,000 of Protection carried. Payments of such benefit are not a charge against the Certificate when it becomes a claim, either as a result of death or old age.

The Certificate contains the usual automatic non-forfeiture privileges. Double Indemnity may be secured for the payment of a nominal sum.

FRANK E. HAND, *Supreme Chief Ranger.* HEAD OFFICE, TEMPLE BUILDING, TORONTO, CAN.

FIRE INSURANCE—
"Expense" or "Investment"?

By adopting the Northwestern Mutual plan of fire insurance, business men convert an "expense" into an "investment" paying substantial annual dividends. Last year this mutual company distributed $1,143,727 to policyholders in dividends.

BRANCHES ACROSS CANADA: Toronto, Hamilton, Ottawa, Montreal, Quebec City, St. John, Halifax, Winnipeg, Saskatoon, Calgary, Edmonton, Victoria, Kelowna, Vancouver

NORTHWESTERN MUTUAL FIRE ASSOCIATION
Non-Assessable Policies Assets $6,000,000.

SUPERVISING THE SPRINKLER SYSTEM

● Sprinkler Supervisory Service keeps tab on the automatic sprinkler. If a fire occurs, if a gate valve is turned off, if the sprinkler system bursts from freezing or goes wrong in any other way, an alarm signal is instantaneously transmitted to our Central Station.

This service is accepted in lieu of a watchman by leading Fire Underwriting Boards.

Ask for our book "Flashing the Alarm."

DOMINION ELECTRIC PROTECTION COMPANY
BURGLAR, FIRE AND SPRINKLER ALARMS
Central Stations
Toronto Montreal Quebec Ottawa Hamilton London Winnipeg

ANGLO-CANADIAN UNDERWRITERS LIMITED

EFFECTING ALL CLASSES OF INSURANCE AND RE-INSURANCE AT LLOYD'S, LONDON, ENG.

ANNOUNCE THE REMOVAL OF THEIR CANADIAN HEAD OFFICE TO

80 RICHMOND STREET WEST (VICTORY BUILDING)

TORONTO, CANADA

R. H. COOK, Chairman — C. R. CLAPP, Supervising Underwriter

The Wawanesa Mutual Insurance Company
Canada's Largest Fire Mutual

A leading All-Canada Company — in volume; in strength; and in service to "select" property-owners and agents.

Home Office, Wawanesa, Man. Eastern Office: 341 Church St., Toronto. Branches in Vancouver, Edmonton, Winnipeg, Montreal, Moncton.

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Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
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3. Supply facts rather than opinions.

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1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Dominion Bridge

I am considering the purchase of 10 shares of Dominion Bridge Co. common stock and would appreciate some information in regard to the company's earnings.

Dominion Bridge Co. has an excellent record, earnings being shown on common in every year throughout the depression. The lowest earnings were 46 cents a share in 1935. In 1936 earnings advanced to 57 cents a share. During 1935 and 1936 the company paid dividends of $1.20 a share, compared with $2 in the two previous years. Since 1931 the company has failed to earn sufficient to cover dividends which were paid in part out of surplus. However, working capital continues strong, amounting to $7.3 millions at the end of 1936, as compared with $7.2 millions at the end of 1935. In 1930 working capital amounted to $8.8 millions.

In view of new construction undertaken this year there are prospects of somewhat higher earnings. New business secured in the fiscal year ended Oct. 31, 1936, was 46% larger than in the previous fiscal year. At the end of the year much of this new business had not been completed and therefore was not reflected in earnings.

Price Bros.

I am considering the purchase of a 5% first mortgage bond of Price Bros. & Co. and would appreciate some information in regard to same.

The first mortgage bonds of Price Bros. and Co. appear to be well secured, the equity behind each $1,000 bond being $3,684. These bonds were issued in connection with the reorganization plan whereby the holders of the company's old bonds were paid in full, including arrears of interest. In the year ended March 31, 1937, the company earned interest on the new bonds 2.27 times before depreciation and .57 times after depreciation and depletion. Provision for depreciation and depletion amounted to $1.2 million. The newsprint situation has undergone a material improvement over the last two years and the outlook for Price Bros. is therefore promising. The company will report increased income this year and profits should show marked improvement.

Prairie Cities Oil

I would appreciate your comment on Prairie Cities Oil Co. Has the company any interest in the Alberta oil field?

Prairie Cities Oil Co. is primarily a distributor of petroleum products, through its subsidiary, Petroleum Realty Corp., in Manitoba and Saskatchewan. The main areas served are in Winnipeg, Moose Jaw, Regina and Saskatoon. The company is not interested directly in development of any properties in the Alberta oil fields, but eventually may have closer business association with Alberta producers, perhaps in distributing the products for sale, rather than in production. It depends for its earnings largely on the spread between retail and its wholesale purchase prices. The company was able to show small net profits in 1935 and 1936, after substantial deficits in preceding years. However, there has remained a deficit in working capital account, and this combined with the recent small earnings does not suggest dividend payments.

Canadian Car

I hold some common shares of Canadian Car and Foundry Co. and would like some information in regard to its earnings. What are the prospects for common dividends?

Canadian Car and Foundry is reported to be currently putting through about $2.5 millions of business a month. For the year ended Sept. 30, it is expected that the company will show a gross business of $14 millions and, after providing for maximum depreciation and all taxes, earnings on its preferred $2.50 a share. In the year ended Sept. 30, 1936, the company reported net profit of $7,685 on 283,115 shares of preferred. If the expected earnings are realized, it is more than likely that the management will take steps to put the preferred stock back on a dividend basis. No dividends have been paid since 1933 and arrears total $7 per share. These arrears will have to be liquidated before dividends can be paid on the common. It is possible the company will undertake to improve its position before paying common dividends, especially since working capital declined from $7.1 millions in 1930 to $1.7 million in 1936.

Postal Telegraph

Can you give me a report on the earnings and general position of Postal Telegraph & Cable Corp.? I am interested in the 5% bonds.

Interest on 5% bonds and debentures of Postal Telegraph and Cable Corp. is in default from Jan. 1, 1935. The company has $50.7 millions of these outstanding. The 1936 financial statement showed net earnings of $1,850,000 for Postal Telegraph, compared with annual interest charges of $2,537,000. The company in the past few years expanded working capital from $3.1 millions to $6 millions at the close of 1936. The record shows ability to earn part of the bond interest, and committees have been conferring on plans of reorganization, but none has yet been presented. The record of earnings suggests substantial modification of the position of the bondholders, before it will be possible to remove the company from bankruptcy.

Imperial Oil

I understand that Imperial Oil Ltd. has been paying out more than it has earned in dividends for recent years and that most of its income now comes from investments. I would appreciate your comments on the company's prospects.

Imperial Oil Ltd. has been showing earnings of slightly less than $1 a share, while paying dividends of $1.25. The company's powerful financial position enables it to continue dividends at the higher rate for some years, even though not earned. Nevertheless, the investor might consider a portion of the dividend as a return of capital.

Nearly 90% of the company's earnings come from investments, mainly in subsidiaries, such as International Petroleum Co., which controls Tropical Oil Co. Imperial also has substantial interests in the Turner Valley of Alberta. The question on this point is whether it is more desirable to invest in these subsidiaries by holding shares of Imperial Oil, or whether it would be cheaper to hold the shares of the subsidiaries directly. For instance, a higher yield is available by direct purchase of International Petroleum than by purchase of Imperial Oil stock. Imperial Oil earnings have shown stability, which is partly attributable to maintenance of large dividends paid by International Petroleum. Of course, Imperial Oil has interests in the more stable business of distributing and refining oil and gasoline, but nevertheless it depends to a large extent on International Petroleum dividends for its major revenue.

Brown Co.

I would appreciate some information on the first mortgage bonds of Brown Co. Will the company be reorganized in the near future?

Brown Co. was forced to default on its bonds in Sept., 1935. It is not likely that receivership will be lifted until early next year.

Recently the position of the company has shown marked improvement. It is now earning all interest charges, depreciation, and depletion and showing a surplus to apply on the preferred stock.

A reorganization plan which has been proposed by interests associated with the company provides for settlement of bondholders' claims in full, all past due interest to be paid in cash. In order to provide for payment of accrued bond interest and creditors' claims the company proposes to raise $12.5 millions of additional capital through the sale of $6.5 millions of bonds by the company's Canadian subsidiary and through sale $6 millions of unsecured convertible serial debentures. Part of the additional funds would be used to expand the plant at LaTuque, Que.

The reorganization plan appears to have support, but the bondholders' protective committee has advised bondholders not to take action as it feels that the plan is premature. It was recently announced that the survey of the company's properties which was ordered by the courts will be made public in the near future.

The company is one of the largest high-grade sulphite producers on the continent. Advance orders on its books for 1938 exceed plant capacity.

Distillers Corp.

Do you think that Distillers Corp.-Seagrams Ltd. will commence to pay common dividends in the near future?

We are unable to say whether Distillers Corp.-Seagrams Ltd. will pay dividends on its common in the near future. The company has not made any announcement in regard to dividend policy and in recent years has used profits in building up inventories of whiskies. Earnings would justify a payment to common shareholders. In the year ended July 31, 1937, the company earned $3.95 a share on its common compared with $2.41 a share in the previous year. Sales for the year showed an increase of $21 millions over the previous year.

Great Lakes Paper

I have been thinking of buying the 5% bonds, due 1955, of Great Lakes Paper Co. and would appreciate any information you can give me as to the position of the bonds.

Great Lakes Paper Co. has a rated capacity of about 100,000 tons annually of newsprint, but recently has been producing at a somewhat higher rate, and also has some pulp capacity. The $6 millions of first mortgage bonds represents nearly $500 of funded debt per ton of productive capacity. The company is now earning interest by a substantial margin. The bonds enjoy a fairly active market and at present prices give a yield of about 5.6%.

Asbestos Corp.

I would appreciate a report on the bonds and common stock of Asbestos Corp.

At present there are no first mortgage bonds of Asbestos Corp. in the hands of the public.. On July 1, 1937, its first mortgage and general mortgage bonds were redeemed with funds provided through sale of a new $1 million bond issue and 17,288 common shares. The new bond issue, it is understood, is entirely held by banks.

Operations of Asbestos Corp. have shown marked improvement in recent years. Underlying bonds of $658,679 have been paid off, and funded debt reduced from $2.6 millions to $1 million. Earnings have shown steady improvement, net profit in 1936 amounting to $221,152 as compared with $15,415 in the previous year. On the basis of the present outstanding capital, net profit in 1936 was equivalent to $1.47 a share. In the current year, earnings have continued to improve, and it is expected that a material advance in profits will be shown. Not only have sales been higher and prices better, but interest charges as a result of redemption of the funded debt have been lower.

International Power

From a perusal of the annual report of International Power Co. it seems to me that the value behind the common stock is $100 a share. As the stock is selling at about $5 a share would not this be a good purchase for a hold?

The equity behind the common stock of International Power is not $100 a share but approximately $15 a share. Furthermore, equity is not a good criterion of the value of a stock, earning power being more important. In this connection, one should keep in mind that arrears of dividends on the first preferred of this company amount to $28 a share and arrears of dividends on the second preferred to $64 a share. In the year ended Dec. 31, 1936, the company earned $5.06 a share on its first preferred stock while dividend requirements on this stock amount to $7 a share.

Gatineau Bonds

I am considering the purchase of Gatineau Power Co. 5% bonds and would appreciate a brief report on same.

Gatineau Power 5% first mortgage bonds have a good record. While earnings of this company were affected by repudiation of its contract with the Hydro-Electric Power Commission of Ontario, the new contract provides ample earnings to cover bond interest. In 1936, bond interest was earned 1.21 times after depreciation. During the three months ended June 30, 1937, bond interest after depreciation was earned 1.53 times, compared with 1.41 times in the corresponding period of 1936.

Dominion Tar

I hold some common shares of Dominion Tar and Chemical Co. and would appreciate some information as to its position at present.

Dominion Tar and Chemical Co. reported earnings of $7.63 a share on its preferred and 21 cents a share on its common in 1936. Toward the end of the year the company refinanced its old bond issue and as a result there will be a saving in interest charges. The savings thus effected, together with larger income on current business, is expected to result in a relatively sharp increase in earnings this year. There is no official information on this point, but it can be assumed that the income available on the junior security will be substantially greater than in 1936. Early this year shareholders approved a plan for liquidation of preferred dividend arrears. In consideration for cancellation of preferred dividend arrears of $29.25 per share, preferred shareholders received two common for each preference share held. Furthermore, the dividend rate on the preferred was reduced from 6½% to 5½%. Dividend payments on the new preferred commenced in July.

United Fuel Investments

Can you give me information which would indicate whether or not preferred shares of United Fuel Investments are reasonably valued around present prices?

The fact that United Fuel Investments earned $4.85 a share in the year ended March 31, 1937, suggests that the shares are reasonably valued below $40 each. Dividends will soon be in arrears $34.75 a share. However, you may note that the shares represent junior securities of the two major subsidiaries, Hamilton By-Product Coke Ovens and United Gas and Fuel Co. of Hamilton which, themselves, have first mortgage bonds outstanding. Also, we note that the president, S. A. Morse, comments that the rising price of bituminous coal imported from the United States may have an effect on earnings. The earnings of the two subsidiaries, and, therefore, of United Fuel, depend to a considerable extent upon winter weather and the consumption of gas and coke in Hamilton. The relative cheapness of the shares may also depend upon the plan of reorganization.

National Sewer Pipe

Have you any information as to current operations of National Sewer Pipe Co.? Is there any prospect of dividends of the class A stock?

We understand that the year which ends Oct. 31 will not show much in the way of business improvement for National Sewer Pipe Co., and there is likely to be another net loss on operations. The company's accumulated deficit was $98,348 in 1936, so there is no immediate prospect of dividends on the class A stock. The company cannot pay dividends out of capital, even though it has been able to maintain a strong financial position through the depression. Disappointing showing is due largely to the sluggishness of recovery in the building trade. Last year, Ryland H. New, president and general manager, stated that it is quite apparent that sales of the company's products will not reach sufficient volume to permit it to operate profitably until municipalities in Ontario undertake new sewerage systems or extensions to present systems and until house-building activity is improved over that of the past few years. This condition still prevails. This year the company has been making expenditures for modernization of plants, and the effect may be to show a fairly substantial reduction in working capital. However, last year, the company's net current assets, including over $500,000 of call loans, exceeded $30 a share for the class A stock, the company's senior security.

Suggestions for November Investment

A diversified selection of Dominion, Provincial, Municipal and Corporation securities is listed in our November booklet.

We shall be pleased to send you a copy on request.

Write or telephone WAverley 3681.

DOMINION SECURITIES CORPORATION LIMITED

TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.

15 King Street West, Toronto

THE ONTARIO LOAN AND DEBENTURE CO

LONDON, CANADA

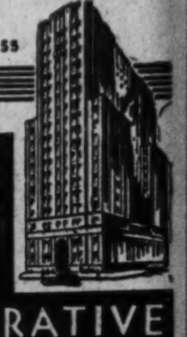
Established 1870

DEPOSITS ACCEPTED DEBENTURES ISSUED

Mortgage loans on owners' homes at low rates of interest

Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

FOUNDED 1855



A Safe REMUNERATIVE INVESTMENT

Canada Permanent Debentures are a favorite security of many thousands of experienced investors. Issued for $100. and upwards, bearing the following attractive rates:

for 1 or 2 years - 3 %
for 3 or 4 years - 3¼%
for 5 years - - - 3½%

A legal investment for trust funds.

CANADA PERMANENT Mortgage Corporation

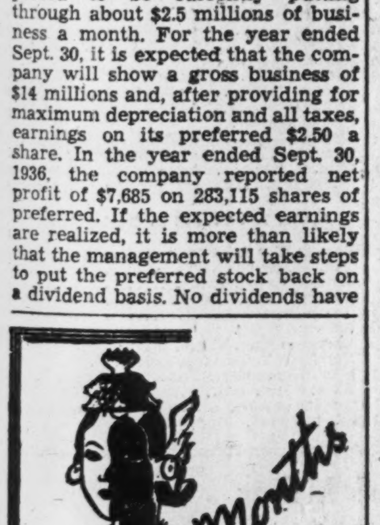
HEAD OFFICE: 320 BAY ST., TORONTO

ASSETS EXCEED $68,000,000

YOU WILL ENJOY

a millionaire's comfort and luxury . . . build yourself up in everybody's eyes and have the rare thrill of piloting a powerful motor car with nerves at rest when you drive a new 1938 DeSoto . . . .

Its Continental smartness, grace of line and perfect proportions will win approving nods wherever you appear . . . The interior color scheme and upholstery will gain the admiration of your most critical friends. Other DeSoto highlights are . . . the restfulness of the Floating Ride—the result of sitting cradled between the axles . . . Protection from vibration by Floating Power engine mountings and rubber body mountings . . . Protection in another way by DeSoto's all-steel safety body and genuine equal-pressure hydraulic brakes. Cost offers no obstacle to becoming a gratified DeSoto owner . . . The initial price is temptingly low and present delighted DeSoto owners report amazement at the low operating cost.



128 DAYS OF THE "SUPREME TRAVEL EXPERIENCE"

From New York Jan. 8, 1938

See the world amply, leisurely, luxuriously in *128 days.* 28 ports, 22 countries. Go in the ship that is the largest liner ever to carry the British flag in the Orient. Fares as low as *$2300 (for 128 days—$18 per day)* including exceptional shore programme. See YOUR OWN TRAVEL AGENT or

E. F. THOMPSON,
Steamship General Agent,
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Empress of Britain
128 Day WORLD CRUISE
Canadian Pacific

STOCK AND BOND MARKET QUOTATIONS

Montreal, Toronto, Curb

The following table is confined to official prices for listed stocks. Where no recent transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING OCTOBER 25

Range 1937 High	Low	Div. Oct. 23 R'te $	Y'ld %		Sales	Last Oct. 18	Week end. Oct. 25 H	L	Cl'se
				A					
15½	1⅞	.	...	Abitibi	34296	2⅛	3⅜	1⅞	3
80	17½	.	...	Do. pref. 6%	11228	23	27	17½	24½
97	60	.	...	Do. pref. 7%	....	(27 bid — asked)			
79½	17	.	...	Do. cert. dep.	20	38	22½	17	22½
6½	2½	10c	...	Acadia Sugar	25	3	3	3	3
18½	9	50c	5.5	Acme Glove	....	(— bid 9 asked)			
94	75	6.50	...	Do. pref.	....	(— bid 75 asked)			
12	8½	60+30c	9	Agnew Surp.	[illegible]	[illegible]			

Range 1937 High	Low	Div. Oct. 23 R'te $	Y'ld %		Sales	Last Oct. 18	Week end. Oct. 25 H	L	Cl'se
8½	2	.	...	Enam. & Heat.	90	3	2	2	2
40	28	62½c	...	English Electric	1290	33	33	28	30
16½	10	.	...	Do. (B)	....	(— bid 14 asked)			
8	5		...	Equitable Life	74	5½	7	5½	7
10½	7½	30c	...	European El. A.	....	(6 bid — asked)			
.65	.65	.	...	Do. Warrants.	....	(.15 bid — asked)			
				F					
13	3	.	...	Fairchild Air	1470	4	4⅜	3	4⅜
35	24	.	...	Fam. Players	....	(18 bid — asked)			
34	22	.	...	Do. Vot. Tr.	....	(22 bid — asked)			
25½	16½	75+25c	...	Fanny Farmer	10258	18	20½	16½	20
10½	10	.	...	Fleet Aircraft	....	(— bid 6 asked)			
29⅞	14⅜	1	5.7	Ford Motors A.	13562	15⅜	18½	14⅜	18⅜
2.50	.95	.	...	For. Pr. Secs.	400	1.00	.95	.95	.95
31	9	.	...	Foundation Co.	1290	12	13	9	12

[illegible]

Mining Stock Quotations

WEEK ENDING OCTOBER 25

Par Val.	Range 1937 High	Low	Company	Sales	Close Oct. 18 (or last)	High for week	Low for week	Close Oct. 25
1	.10½	.02	Afton	3,200	.02½	.02½	.02	.02
No	1.90	.30	Aldermac	150,800	.53	.68	.30	.56
1	.04½	.01	Alexandria	40,500	.01½	.01½	.01½	.01½
1	.26	.11	Amm. Gold	276,300	.16	.26	.11	.25
No	8.75	3.50	Anglo-Huronian	4,478	4.00	4.25	3.50	3.75
1	1.42	.22	Argosy	7,006	.28	.34	.22	.31
1	1.15	.18	Arntfield	9,270	.20	.25	.18	.22
No	.09	.02½	Arno	......	(.02½ bid	.03½ asked)		
1	.15	.05	Ashley	3,500	.06	.06	.06	.06
1	.27	.04	Astoria Rouyn	79,000	.05	.06	.04	.05
50c.	.16	.06	Astec	......	(.04½ bid	.07 asked)		
1	.49	.15	Bagamac	11,975	.20	.20	.15	.18
1	1.85	.53	Bankfield	32,416	.55	.61	.54	.59
1	.65	.12	Base Metals	17,800	.16	.18	.12	.15
No	1.75	.96	Beattie Gold	13,000	[illegible]	[illegible]	[illegible]	[illegible]

Par Val.	Range 1937 High	Low	Company	Sales	Close Oct. 18 (or last)	High for week	Low for week	Close Oct. 25
1	1.25	.30	Omega	60,638	.35	.40	.30	.35
1	2.20	.85	Oro Plata	56,000	1.10	1.10	.90	1.05
1	.30	.08½	Osisko	1,500	.09	.09	.08½	.09
No	4.05	1.90	Pamour	46,295	2.50	2.85	2.50	2.75
1	1.10	.20	Pandora	17,400	.30	.37	.20	.34
1	.42	.08½	Parkhill	21,567	.09½	.14	.08½	.12
1	3.80	1.70	Pato Cons. G.	5,550	1.90	2.00	1.70	1.95
1	.41	.05	Partanen Mal.	9,000	.05½	.08½	.05	.07
1	.06	.01½	Pawnee Kirk.	1,500	.01½	.01½	.01½	.01½
1	.46	.08	Paulore	6,400	.09	.10	.08	.10
1	1.38	.33	Paymaster	120,802	.38	.44½	.33	.42
1	.35	.15	Payore	32,400	.19	.19	.15	.19
1	6.60	1.25	Pend Oreille	92,090	1.60	2.20	1.25	1.75

[illegible]

VANCOUVER STOCK EXCHANGE

[illegible]

OIL STOCKS

[illegible]

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Oct. 26, 1937

Public Utility Issues	Int. Rate %	Due	Bid	Asked	Bid
†Assoc. Tel. & T.	5½	'55	76	79	69
▲Avalon Tel.	5½	'48	101	...	101
Beauharnois P.	5½	'73	60	62	49½
‡Bell Telephone	5	'55	111½	114½	111
‡Do.	5	'57	117	120	116
B. C. Power	4½	'60	97½	100½	95
B. C. Tele.	4½	'61	102½	105½	103
‡Calgary Pwr.	5	'60	89	93	90
†Can. Nor. Pwr.	5	'53	101½	104½	101½
‡Dom. Gas & El.	6½	'45	75	78	77
‡Gatineau Pwr.	5	'56	100½	103½	98½
‡Do., A	6	'41	97	100	96½
‡Do., B	6	'41	97	100	96½
Gt. Lakes Pwr.	4½	'56	92	95	93
‡Inter. Hydro-E.	6	'44	60½	63½	55
‡Inter. Power	6	'57	95½	98½	95
‡Do.	6½	'57	96½	99½	96
▲Do.	6	'55	99	102	99
†Macl'n-Que. Pr.	5½	'61	97	100	96
†Do.	5½	'64	96	99	95
Marit. T. & T.	4	'67	99½	...	99½
†Mtl. Island Pr.	5½	'57	103	106	103
†Mtl. L. H. & P.	3½	'56	99½	102½	99
†Mtl. Tramways	5	'41	100½	103½	100
†Do.	5	'55	71½	74½	74
Nfld. L. & P.	4½	'56	98	101	98
Nat'l. Lt. & Pr.	6	'49	87	91	88
N. S. L. & Pr.	4	'57	96½	99½	97
†Ot'wa L. H. & P.	5	'57	102	105	103
†Ottawa V. Pwr.	5½	'70	103½	106½	103½
†Power Corp.	4½	'59	97½	100½	97
‡Que. Pwr.	4	'62	93	96	92½
Saguenay P., B	4½	'66	100	103	98
*Do., A	4½	'66	98½	101½	97
†Shaw. W. & Pr.	4	'61	97	100	96½
†United Secs.	5½	'52	64½	67½	65
‡Wpg. Elec., A	4	'65	60½	63½	63
‡Do., B	4	'65	49	52	50
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	67½	70½	62
Acadia Sugar	4½	'55	98	...	99½
B. A. Oil	4	'45	102	105	102
Brown Co.	5½	'46	76½	79½	69
Canada Bread	6	'41	107	110	107
†Canada Cement	4½	'51	99½	102½	98
†Canada Paper	4½	'52	96	99	96
Can. Steamship	5	'57	73	76	73
Can. Canners	4	'51	98	101	98
Can. Bakeries	6½	'45	99	102	99
‡Can. Inter. Pap.	6	'49	97½	100½	93
C. P. R.	3½	'51	91	94	90
Do.	4	'49	94	97	94
Do.	4½	'44	98½	101½	98
Do., debs.	4 perp.		85½	88½	84
Do.	6	'42	103½	105	..
†Can. Vickers	6	'47	84	87	87
†Consol. Paper	5½	'61	62½	65½	50
Dom. Tar	4½	'51	99½	102½	98
†Donnacona P.	4½	'56	76½	79½	75
†Famous Players	4½	'51	92½	95½	92½
†Federal Grain	6	'49	79	84	78
†Fraser Cos.	6	'50	100	103	101
†Gen. Steel W.	4½	'52	91½	94½	92
Great Lakes P.	5	'55	92	95	88
†Gypsum, Lime.	5½	'48	96½	99½	96
†Gr. Br. & Can. Invest.	4½	'59	73½	76½	74
Ham. By-Prod. Coke	5	'50	96½	99½	96
†Inter. Paper	6	'55	83	86	75
†Kingston Elev.	6	'50	94½	97½	93
Lake St. John P. & P.	5½	'61	96½	99½	96
Do.	5	'61	68	71	65
†Massey-Harris	5	'47	93½	96½	91
†McColl-Front.	6	'49	102	105	103
†Mersey Paper	6	'49	97	100	98
Nat'l Grocers	4	'47	99½	102½	99
Nor. Ont. Bldg.	6½	'39	94	97	94
†Price Bros.	5	'57	96	99	96
‡Prov. Paper	5½	'47	100	103	100
Queen's Hotel	6	'47	97½	100½	97½
†Restigouche C.	6	'48	97½	100½	97
†Rolland Paper	4½	'51	102	105	102
Ruddy & Co.	6½	'48	94½	97½	98
†Simpsons Ltd.	4½	'51	91½	94½	91½
†Smith, Howard	4½	'51	98½	101½	99
†Steel of Canada	6	'40	109	112	109
Sterling Coal	6	'40	94	97	94
*Twin City	5½	'52	65	68	54
United Amuse.	5	'56	94½	97½	97
United Corp.	5	'53	93	96	94
Unit. Grain Gr.	5	'48	74	77	74
Union Gas	4½	'50	96	99	95

‡Payable in Can. or U. S. †Payable in Can., U. S. or U. K. ▲Payable in Can. or U. K. *Payable in U. S. only.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & C[o.], Toronto)

Oct. 26, 1937

Industrial Stocks:	Bid	Asked
Acadia Sugar, pfd.	4.00	4.7[illegible]
Acme Farmers Dairy, pfd.	30.00	....
Algoma Steel, com.	7.25	8.2[illegible]
Do., pfd.	53.00	57.0[illegible]
Andian National	45.00	46.00
Barrymore Cloth, pfd.	23.00	28.00
Brandram-Henderson, com.	5.00	5.7[illegible]
Do., pfd.	20.25	....
B. C. Pulp & Paper, com.	20.00	25.00
Do., pfd.	86.00	92.00
Burns & Co., A	6.00	8.00
Do., B	3.00	3.75
Canada Starch, new com.	6.25	7.00
Do., pfd.	105.50	....
Can. Wire & Cable, pfd.	108.50	112.00
Can. Airways	3.50	4.50
Can. Industries, A com.	200.00	....
Do., B com.	200.00	205.00
Do., pfd.	154.00	156.00
Can. Ingersoll Rand	112.00	120.00
Can. Tube & Steel, com.	7.25	8.50
Do., 1st pfd.	92.00	96.00
Do., 2nd pfd.	21.00	25.50
Can. Westinghouse	52.00	55.00
Chase, A. W., pfd. bonus	25.00	....
Claude Neon, pfd.	7.00	8.50
Conduits Nat., com.	3.75	4.50
Dominion Woollens, pfd.	2.00	3.00
Dunop Tire, pfd.	81.00	85.00
Federal Grain, pfd.	23.00	26.00
Goderich Elevator	3.75	4.25
Guelph Carpet, pfd.	104.00	106.00
Do., com.	20.50	23.00
Hayes Steel Prod., com.	5.75	7.00
Do., pfd.	7.00	8.50
Highland Dairy, pfd.	77.00	82.00
Huether Brewing, pfd.	2.00	....
Kingston Shipbuilding Units	7.25	....
Loblaw Inc., pfd. bonus	83.00	87.00
McCormick's, com.	3.50	4.50
Do., pfd.	12.00	....
Morrison Brass, pfd. bonus	8.00	10.00
Mount Royal Hotel, pfd.	3.25	4.00
New Meth Laund., pfd. bon.	85.00	93.50
Paterson, Wm., pref.	100.25	....
Perfection Pete., pfd.	20.00	....
Provincial Paper, pfd.	106.00	108.00
Reliance Grain, pfd.	....	71.00
Rob. Cons. Cone	8.50	9.50
Ruddy, E. L., pfd.	....	32.00
Seal O Sac (Can.)	5.00	7.00
Standard Fuel, com.	3.00	5.00
Do., pfd.	70.00	78.00
Super. Petroleum, B pfd.	26.50	28.00
Toronto Carpet, com.	49.00	54.00
Do., pfd.	55.00	60.00
United Steel, A pfd.	14.50	16.00
Viceroy Mfg., pfd. & rts.	15.25	17.00
Western Grain, pfd. bonus	5.00	7.00
Weston (Geo.) Foods (Eng.)	2.50	3.00
Wings Limited	.80	.90
Trusts and Loan Stocks:		
Chartered Trust	98.50	102.50
Commercial Finance, com.	2.55	3.00
Guelph Ont. Inv., par $50	51.00	....
London & West. Trust	51.00	56.00
Premier Trust	....	90.00
Prudential Trust	6.00	....
Sherbrooke Trust	120.00	....
Sterling Trust	41.00	....
Traders Fin., A com.	13.50	16.00
Do., Inc. Rights	10.50	12.00
Do., B, pfd. bonus	90.00	94.00
Trusts & Guarantee	26.00	27.25
Insurance Stocks:		
Canada Life	525.00	538.00
Canadian Ins. Shares	20.00	22.00
Confederation Life 20% pd.	111.00	114.00
Continental Life 20% pd.	39.00	....
Crown Life, fully paid	160.00	....
Dominion Fire	130.00	....
Dom. of Can. Gen.	120.00	128.00
Empire Life 25% pd.	12.50	13.50
Federal Fire 25% pd.	43.00	....
Great West Life	305.00	320.00
Guar. of N.A., fully pd.	320.00	340.00
Halifax Fire	21.50	22.50
Imperial Life	340.00	358.00
Manufacturers Life	241.00	....
Monarch Life 10% pd.	23.00	23.50
Sovereign Life 25% pd.	14.00	16.00
Sun Life (Div. $15)	400.00	440.00
Western Assce., pfd.	40.00	43.50
Do., com.	48.00	51.00
Theatre Stocks:		
Allens Kingston, pfd.	57.00	....
Do., St. Catharines, pfd.	56.00	....
Do., Tor. pfd. bonus com.	30.50	32.50
Loew's London, pfd.	2.25	3.25
Mansfield Theatre, pfd.	24.00	26.50
Paramount Kitchener, pfd.	55.00	60.00
Do., Oshawa, pfd.	87.00	92.50
United Amusement, A, V.T.	18.00	20.00
Do., B	18.00	20.00
Investment Trust Shares:		
Can. Gen. Invest.	8.00	8.20
Can. Investment Fund	3.55	3.90
Can. Investors Corp.	6.25	7.50
Cons. Div. Std. Sec., com.	.20	....
Do., pfd.	14.00	....
Corporate Investors	6.30	6.75
Invest. Found., pfd. bonus	51.00	54.00
Lon. Can. Invest., com.	3.25	4.50
Sec's. Hold., pfd. bonus	18.00	19.50
United Corpns., A	20.50	23.00
Do., B	....	15.00
Power Issues:		
Can. West. Nat. Gas, com.	23.00	26.50
Do., pfd.	83.50	86.00
For. Power Sec's., pfd.	5.00	7.00
Great Lakes Power, pfd.	90.00	....
Inter. Util., $1.75 pfd.	7.50	10.50
Do., $7 pfd.	92.50	96.00
Montreal Island Pwr., pfd.	14.50	16.50
New Bruns. Telephone, com.	13.25	14.50

Mining Dividends

	Rate	Close Oct. 25	Yield %
Anglo-Huronian	20c	3.75	...
Beattie Gold	5c	1.04	...
Bralorne	40c+35c	7.35	*10.2
Buff. Ankerite	.50c+22½c	10.50	*6.9
Bulolo Gold	‡1.50	22.00	6.8
Can. Malartic	†5c	.90½	...
Cariboo	10c	1.48	6.7
Central Patricia	12c	2.11	...
Coniagas	12½c	1.75	...
Coniaurum	5c	1.10	...
Cons. Smelters	50c+$1	57.50	*2.6
Dome Mines	$4+$2	40.62	*14.8
Falconbridge	30c	5.50	5.4
Hollinger	65c+30c	11.62	*8.1
Howey Gold	4c	.27	...
Hudson Bay	75c	20.25	...
Inter. Mining	45c	8.00	5.6
Inter. Nickel com.	$2	46.50	4.3
Island Mountain	5c	.77	...
Kerr Lake	5c	.37	...
Kirk. Lake	9c	1.19	...
Lake Shore	$4+$1	48.50	*10.3
Lava Cap. M.	10c	.88	...
Little Long Lac	30c	4.35	6.9
Macassa	20c	4.50	4.4
McIntyre	$2	34.50	5.8
McKenzie Red Lake	4c	1.04	...
McKinley Sec.	5c	.40	...
Noranda	‡$1.75	48.00	3.6
Nor. Can. Mining	6c	.65	...
Nipissing	37c	1.76	...
Placer Develop.	‡60c	13.50	...
Premier	12c+4c	2.00	*8.0
Pioneer, B.C.	40c	3.20	12.5
Pickle Crow	40c	5.00	8.0
Reno	12c	.75	16.0
San Antonio	14c	1.30	...
Sheep Creek	8c+2c	.85	*11.8
Siscoe	20c+1c	3.00	*7.0
Sudbury Basin	†10c	2.40	...
Sullivan Cons.	5c	1.00	5.0
Sylvanite	20c+5c	2.80	*8.9
Teck-Hughes	40c+5c	4.70	*9.6
Toburn	8c+1c	2.25	*4.0
Ventures	†12½c	4.65	...
Wright-Harg.	40c+30c	6.50	*10.7

‡Interim. †Initial. *Yield includes bonus.

Winnipeg Stocks

Transactions from Oct. 18 to Oct. 23.

		High for period	Low for period	Close Oct. 23
Candn. Fire	5	80.00	80.00	80.00
Eva Lake	200	.06	.06	.06
Flin Flon	6,500	.06	.05	.05
Gurney	6,300	.30	.25	.30
Island Lake	3,000	.01½	.01½	.01½
Marvel Oils	400	.04	.04	.04
Packsack	2,000	.07	.02	.07
Sachigo River	280	11.00	8.00	9.50
Scotia Gold	1,000	.01¾	.01¾	.01¾
United Grain	36	7.50	7.00	7.00
Wylie Dom.	3,100	.26	.22	.26
Wingold	4,000	.02¾	.02	.02
Wpg. R. Tin	5,000	.01¾	.01¾	.01¾
Wings Ltd.	150	.80	.70	.70

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire Insurance	...	100
Can. Indemnity	125	...
Federal Grain, com.	...	2½
Federal Grain, pref.	...	27½
Home Investment	...	23
Reliance Grain, pf.	...	72
Northern Can. Mtge., pf.	3	...
Northern Trust	...	8
West. Breweries	1¼	...
West. Steel, pfd.	11	12

*Stocks more active on other exchanges not included.

Listed Bonds

Week Ended Oct. 25

	Int. rate	Due	High	Low	Range 1937 High	Low
Mtl. L. H. & P. Debs.	3	'39	50½	50½	50⅝	50½

Unlisted Mines

Oct. 26, 1937

	Bid	Ask.
Ansel	..	.40
Alb. River	.46	.47
Algold	.33	.35
Altura	.03	.05
Armistice	.05	.06
Arno	.02½	.03½
Athona	.10	.12
Area	.02½	.03½
Augite	.09	.12
Bailor	.01½	.02½
Barber L.	.25	.26
Bear	.17	.20
Bilmac	.09	.11
Baldwin	.01	.01½
Cuniptau	.03	.05
Cald. Bous.	.03	.05
Cal. Fl. Fl.	.01½	.03
Can. Pan.	.07	.08
Can. Kirk.	.01½	.02
Candalaca	..	.27
Chesterville	.90	.98
Coin Lake	.03	.05
Condor O.	.04	.04½
Con. Kirk.	.33	.35
Cooke Lake	.19	.21
Coul. Con.	.03	.05
Cres. Kirk.	.02½	.03½
Dawson	.03	.04
Den. Nick.	.24	.26
Desantis	.20	.23
Doreva	.09	.10
Delosha	.17½	.19½
Dunlop N.	.03	.04
El Bonanza	.07	.09
Electra	.04	.06
Eva Lake	.04	.05½
Elmos	.08	.10
Fulkenham	..	.15
Fernland	.13	.16
Frontier	.05½	.06½
Galatea	.01	.01½
Garnet	.02	.02½
Gate. Pat.	.03	.05

	Bid	Ask.
Gilbec	.01½	.02½
G. Range	.01½	.02½
Goldside	.02½	.03
Golden Gate	.42	.44
G. Lebel	.05	.06½
Gull Kirk.	.01½	.02½
Hud. Pat.	.02½	.03½
Hislop	.03½	.04
Horseshoe	.01	.01½
Hutch. Lake	.07½	.08½
Hum. Pm.	.05½	.06½
John. Nip.	.01	.02½
Kaw Crow	.04	.05
Kenecho	.04	.05
Kenland	.02	.03
Kenricia	.25	.30
Kew'gama	.21	.24
King. Kirk.	.01	.02
Vir-Vit.	.06	.07
Kirk. Hun.	.02	.03
Lafayette	.01½	.02½
Lake Geneva	.32	.34
Lamaque	5.70	6.35
Lardego	.05½	.06½
Magnet Lake	.06	.06½
Magnet Con.	.18	.21
Malartic Gold	.18	..
Maniwak	1.25	1.35
M'Farlane	.06½	.07½
McNeely	.02½	.03
McVittie	.02½	.03½
McC. Webb	.12	.15
Martin Bird	.33	.35
Margaret	..	.20
Mat. Can.	.09	.10
Moffatt N.	.04	.06
Monarch	.03½	.04
Mooshla	.08	.10
Mosher	.12	.14
Norlake	.03	.04
N. Shores	.01½	.02½
Oklend	.12	.14

	Bid	Ask.
Oliver Sev.	.17	.19
O'Leary M.	.05	.06
Old Diam.	.01½	.02
Opem. Copper	.06	.06½
Oriole	.06½	.07
Ossian	.01½	.01½
Pascalis	.29	.31
Porc. McNabb	.02	.03
P. United	.03	.05
Plains P.	2.00	2.30
PG Reef	.01	.01½
Potter D.	.01	.01½
Triumph	.05	.07
P. Rouyn	.07	.09
Pelangio	.04	.05
Proprietary	1.15	1.25
Que. Man.	.43	.45
Rajah	.03½	.04½
Ribago N.	.15	.16
Rouyn Reward	.02	.03
Rubec	.01½	.02½
Sand River	.21	.23
Shenango	.11	.12
Siscoe E.	.15	.17
Smelter	.01½	.02½
Spooner	.06	.07½
Sturgeon River	.19	.23
Springer	.05½	.07
Sun Bear	..	.12
Tonawanda	.02½	.03½
Upper Can.	.17	.19
Wascana	.06½	.08
Williamson	.07	.08
Wesley	.06	.08
Westside	.04	.05
West RL.	.01	.02
W. Horse	.09	.11
Wendigo	.18½	.19½
Woco	.14	.16
Winoga	.06	.07
Young D.	.24	.26
Ypres Cad.	.10	.12

[illegible]

Government Bonds

Dominion of Canada Bonds

Rate	Oct. 27, 1937	Bid	Asked	Approx. Yld.
2	15 Nov. '39	100.25	100.75	1.63
2½	15 Oct. '39	101.15	101.65	1.65
4	15 Oct. '39	103.85	104.35	1.73
1½	1 June '40	98.85	99.35	1.76
4½	1 Sept. '40	106.10	106.60	2.09
1	15 Mar. '41	96.65	97.15	1.86
5	15 Nov. '41	109.15	109.65	2.48
3	15 Oct. '42	102.75	103.25	2.31
2½	1 June '43	100.25	100.75	2.35
5	15 Oct. '43	110.75	111.25	2.94
4½	15 Oct. '44	109.00	109.50	2.99
▪2½	15 Aug. '45	99.25	99.75	2.53
4	15 Oct. '45	105.50	106.00	▴2.90
4½	1 Feb. '46	109.00	109.50	3.18
3¼	1 June '49	100.35	100.85	▴3.14
3½	15 Oct. '49	101.50	102.00	▴3.17
4	15 Oct. '52	105.25	105.75	▴3.32
3	1 June '55	95.60	96.10	3.29
4½	1 Nov. '56	108.25	109.00	▴3.33
4½	1 Nov. '57	108.25	109.00	▴3.43
4½	1 Nov. '58	109.00	109.50	▴3.45
4½	1 Nov. '59	109.35	109.85	▴3.49
▪3¼	15 Jan. '61	98.00	98.50	3.34
3¼	1 June '66	97.85	98.35	3.34
‡3	Perp. bds.	85.90	86.40	3.47

Dominion Guaranteed Bonds

Rate	Maturity	Bid	Asked	Yld.
Canadian National Railway:				
3	1 May '44	100.75	101.75	2.70
3	15 Dec. '50	94.75	95.75	3.41
3	15 Feb. '53	94.25	95.25	3.40
*4½	1 Sept. '51	111.50	112.50	3.37
*4½	1 Feb. '56	111.75	112.75	3.55
†4½	1 July '57	111.50	112.50	3.61
*4¾	15 June '55	114.50	115.50	3.57
5	1 Feb. '54	115.50	116.50	3.66
*5	1 July '69	114.50	115.50	▴3.09
*5	1 Oct. '69	116.50	117.50	▴3.53

Provincial Government Bonds

Rate	Maturity	Bid	Asked	Yld.
New Brunswick:				
4	1 Sept. '54	98.50	100.50	3.96
†4½	15 Apr. '61	102.50	104.00	4.23
†5	15 Jan. '60	107.50	109.50	4.33
Nova Scotia:				
3	2 Sept. '45	96.50	98.00	3.29
4½	15 May '43	105.50	107.00	3.12
†4½	15 Sept. '52	107.50	108.75	▴3.45
†5	1 Mar. '60	115.00	116.50	3.89
Ontario:				
3	1 Dec. '51	94.75	95.75	3.38
*4	1 June '62	105.00	106.50	3.60
4½	1 June '50	109.50	110.50	3.48
*4½	15 Jan. '62	112.00	114.00	3.63
5	15 Oct. '48	113.00	114.00	3.45
*5	2 Dec. '60	116.50	118.00	3.83
5½	1 July '46	115.00	116.00	3.35
Ont. Hydro Comm.:				
3½	1 Apr. '47	100.50	102.00	3.25
4¼	1 Jan. '70	115.00	116.50	3.86
Prince Edward Island:				
3	1 Oct. '45	96.50	98.00	3.29
Quebec:				
4	15 Mar. '52	104.50	106.00	3.47
4¼	1 Aug. '58	107.50	109.00	3.63
4½	2 Jan. '63	109.00	111.00	3.82
Alberta:				
4	15 Dec. '54	49.50	52.50	§
†4	1 Dec. '57	50.00	52.50	§
4½	1 Oct. '51	58.00	63.00	§
†4½	1 Oct. '56	52.50	54.00	§
†5	1 Jan. '48	53.50	56.00	§
5	1 Sept. '55	53.00	55.50	§
*5	1 Oct. '59	54.00	56.50	§
†5½	1 Jan. '47	56.00	59.00	§
6	1 Mar. '47	59.50	62.00	§
British Columbia:				
†4	1 Dec. '57	90.00	92.00	4.60
*4½	15 Jan. '51	96.25	97.25	4.77
†4½	1 Oct. '53	95.50	96.50	4.82
†5	15 Jan. '48	99.50	100.50	4.94
5	1 Sept. '53	99.25	100.25	4.98
5½	1 Feb. '45	100.50	101.50	5.25
6	15 Feb. '47	101.50	102.75	5.61
Manitoba:				
4	2 Jan. '50	82.50	84.50	5.75
†4	1 Dec. '57	83.00	85.00	5.20
†4½	15 Dec. '56	85.00	87.00	5.60
†5	15 June '54	92.00	94.00	5.55
*5	2 Dec. '59	92.00	94.00	5.47
5½	1 Oct. '55	93.00	95.00	5.95
6	1 Apr. '47	97.75	98.75	6.18
Saskatchewan:				
4	15 Aug. '53	59.00	61.00	8.50
4	1 Nov. '60	57.00	59.00	7.89
*4½	2 July '45	70.00	73.00	9.50
†4½	1 Oct. '51	72.50	75.00	7.40
†4½	15 Mar. '60	62.50	65.50	7.76
5	1 Aug. '58	67.00	70.00	7.98
†5½	15 Nov. '46	72.00	75.00	9.70
5½	1 Oct. '52	69.50	72.50	8.85
6	15 Mar. '52	73.00	76.00	9.00

*Payable Can., N.Y. & £. ▴Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ▪Payable N.Y. ‡Callable on or after Sept. 15, 1966. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Dividends Declared

	This payment	Date payable	Date of record
Assoc. Tel. & T., pf.	49c	Nov. 15	Nov. 1
Do., special	98c	Oct. 25	Oct. 11
Do., 6% pref.	42c	Nov. 15	Nov. 1
Do., special	84c	Oct. 25	Oct. 11
Amer. Cyan., A, B	$1	Nov. 26	Oct. 18
Ault & Wiborg, p.	$1.37½	Nov. 1	Oct. 15
Anglo-Can. Tel., p.	$1.37½	Nov. 1	Oct. 15
Barker's Bread, c	8c	Nov. 1	Oct. 26
Bk. of Montreal	$2	Dec. 1	Oct. 30
Bk. of Toronto	$2.50	Dec. 1	Nov. 15
Bright, T. G.	7½c	Dec. 15	Nov. 30
Do., pref.	$1.50	Dec. 15	Nov. 30
Brewers & Dist.	$1	Nov. 15	Oct. 15
Buff. Ankerite	12½c+10c	Nov. 15	Nov. 1
Beatty Bros., 1st pf.	$1.50	Nov. 1	Oct. 15
Can. Industries	$1.75	Oct. 30	Sept. 30
Can. Bronze	37½c	Nov. 1	Oct. 20
Do., pref.	$1.25	Nov. 1	Oct. 20
Commonwealth Int'l.	4c	Nov. 15	Oct. 15
Can. Inv. Fund, spcl. & ord.	5c	Nov. 1	Oct. 15
Coast Breweries	30c	Nov. 1	Oct. 12
Calgary Power, pf.	$1.50	Nov. 1	Oct. 15
Cons. Press, A	25c	Nov. 1	Oct. 15
Calgary & Ed.	5c	Dec. 15	Dec. 1
Can. Bk. of Comm.	$2	Dec. 1	Oct. 30
Can. Investors	10c	Nov. 1	Oct. 18
Crown Cork	20c	Nov. 15	Oct. 30
Do., extra	20c	Nov. 15	Oct. 30
Conduits Nat., c	▴25c	Nov. 1	Oct. 22
Cosmos Imp.	25c	Nov. 15	Oct. 30
Do., pref.	$1.25	Jan. 15	Dec. 31
Dom. Bridge	30c	Nov. 15	Oct. 30
Dom. T. & Ch., pf.	$1.37½	Nov. 15	Oct. 29
Distillers-Seag., pf.	$1.25	Nov. 1	Oct. 20
Frost Steel, 1st pfd.	$1.75	Nov. 1	Oct. 16
Foundation Pete.	*	Nov. 20	Oct. 31
Guelph Carpet	$1	Nov. 1	Oct. 20
Do., pref.	$1.62½	Nov. 1	Oct. 20
Gurd, Chas., pfd.	$1.75	Nov. 15	Nov. 1
Hollinger Cons.	5c+5c	Nov. 4	Oct. 21
Humberstone Shoe	50c	Nov. 1	Oct. 15
Imp. Bank	$2.50	Nov. 1	Sept. 30
Inter. Nickel, pf.	$1.75	Nov. 1	Oct. 2
Inter. Metals, pfd.	$1.50	Nov. 1	Oct. 25
Inter. Utilities, pf.	$1.75	Nov. 1	Oct. 22
Do., $3.50 pfd.	87½c	Nov. 1	Oct. 22
Island M'tn. M.	5c	Nov. 15	Nov. 3
Kelvinator, pfd.	$1.75	Nov. 15	Nov. 4
Kirk. Lake	6c	Nov. 1	Oct. 1
Loblaw Groc., A, B	25c	Dec. 1	Nov. 10
Do., extra	12½c	Dec. 1	Nov. 10
Macassa Mines	10c	Nov. 1	Oct. 15
McIntyre Porc.	50c	Dec. 1	Nov. 1
Mtl. L. H. & Pr.	37c	Oct. 30	Sept. 30
Monarch Rylties	*	Nov. 27	Nov. 20
North. Can. Mining	4c	Nov. 1	Oct. 1
Orange Crush, pf.	35c	Nov. 1	Oct. 15
Ont. Steel, pfd.	$1.75	Nov. 15	Oct. 31
Penmans	75c	Nov. 15	Nov. 5
Do., pref.	$1.50	Nov. 1	Oct. 21
Quebec Power	25c	Nov. 15	Oct. 25
Royal Bank	$2	Dec. 1	Oct. 30
Regent Knit., c.	†25c	Nov. 1	Oct. 15
Shaw. W. & P.	20c	Nov. 15	Oct. 27
Saguenay Pr., pf.	$1.37½	Nov. 1	Oct. 15
So. Can. Power, c.	20c	Nov. 15	Oct. 30
Steel of Can.	43¾c	Nov. 1	Oct. 7
Do., pref.	43¾c	Nov. 1	Oct. 7
Sullivan Cons.	2½c	Nov. 15	Oct. 30
St. Lawr Flour, pf.	$1.75	Nov. 1	Oct. 20
Do., com.	25c	Nov. 1	Oct. 20
San Antonio Gold	7c	Nov. 5	Oct. 20
S. Am. Gold & Plat.	10c	Nov. 24	Nov. 9
Simpsons, pref.	$1.25	Nov. 1	Oct. 23
Simpson, Robt., pf.	3s	Nov. 1	Oct. 16
St. Law. Corp., A pf.	‡$1	Nov. 15	Nov. 1
Toburn Gold	2+1c	Nov. 22	Oct. 22
Tor. Elevators, c.	$1	Oct. 30	Oct. 20
Union Gas	20c	Dec. 15	Nov. 20
United Corp., A	‡75c	Nov. 17	Oct. 30
United Fuel, pf.	$1	Dec. 15	Nov. 30
Weston, Geo., pf.	$1.25	Nov. 1	Oct. 15
Wood, A. & J., pf.	‡$1.75	Nov. 1	Oct. 15

*Amount not yet set. ‡On arrears. †Interim ▴Initial

Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines
Oct. 26	42,800	62,100	805,000
Oct. 25	58,600	76,800	708,000
Oct. 23	52,600	48,800	459,000
Oct. 22	53,100	115,000	648,000
Oct. 21	106,300	165,200	1,127,000
Oct. 20	116,900	179,200	1,196,000

Municipal Bonds

October 27, 1937

	Rate	Due	Bid	Ask.	Yld.
†Halifax	5	1961	111.50	113.00	4.14
Hamilton	5	1950	109.00	111.00	3.88
Montreal	5	1945	104.50	106.00	4.05
Ottawa	4½	1945	106.25	108.25	3.25
†Quebec	5	1959	104.00	106.00	4.57
Saint John	5	1950	106.00	108.00	4.22
†Toronto	4½	1955	110.00	112.00	3.57
†Vancouver	5	1950	88.00	92.00	5.91
Winnipeg	5	1944	98.00	102.00	4.84

†Payable Can. and N. Y.

National Light & Power Earnings on Even Level

Earnings of National Light & Power Co., Moose Jaw, released by McLeod, Young, Weir & Co., show little change in the first nine months this year from results in the same period of 1936. Bond interest was covered 1.64 times after depreciation in the nine months Sept. 30, 1937, compared with 1.65 times in the 1936 period.

Kilowatt hour output was approximately 17,820,000 for the first nine months this year, compared with 17,921,000 kw.h. in the same period of 1936.

Income figures follow:

Earnings Statement
Nine Months Ended Sept. 30

	1937 $	1936 $
Oper. earnings	385,163	385,515
Less: Oper. exps., tax.	175,598	176,357
Net oper. income	209,565	209,158
Add: Misc. earnings	3,309	4,749
Net earnings	212,874	213,907
Less: Depreciation	60,262	60,530
1st mort. bond int.	93,038	93,038
Net profit*	59,574	60,339

*Before allowance for income taxes, amortization expenses and other interest.

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND NO. 298

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after WEDNESDAY, the FIRST day of DECEMBER next, to Shareholders of record at close of business on 30th October, 1937.

The Annual General Meeting of the Shareholders will be held at the Banking House of the Institution on MONDAY, the SIXTH day of DECEMBER next.

The Chair to be taken at noon.

By Order of the Board

JACKSON DODDS, General Manager — G. W. SPINNEY, General Manager

Montreal, 19th October, 1937.

The Royal Bank of Canada

DIVIDEND No. 201

NOTICE is hereby given that a dividend of two per cent. (being at the rate of eight per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Wednesday, the first day of December next, to shareholders of record at the close of business on the 30th day of October, 1937.

By order of the Board.

S. G. DOBSON, General Manager.

Montreal, Que., October 15th, 1937.

The Canadian Bank of Commerce

Dividend No. 203

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 30th November, 1937, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st December next, to shareholders of record at the close of business on the 30th October, 1937. The Transfer Books will not be closed.

By Order of the Board,

A. E. ARSCOTT, General Manager.

Toronto, 15th October, 1937.

The Bank of Toronto

Dividend No. 225

Notice is hereby given that a Dividend of Two and One-half per cent, upon the Paid-up Capital Stock of this Bank has been declared for the current quarter, and the same will be payable at the bank and its branches on and after the first day of December next to shareholders of record on November 15th, 1937.

The Annual Meeting of the shareholders will be held at the Head Office of the Bank on Wednesday, the Nineteenth day of January next, the chair to be taken at noon.

By Order of the Board.

H. B. HENWOOD, General Manager.

The Shawinigan Water and Power Company

NOTICE is hereby given that a dividend of Twenty (20c) cents per share has been declared on the no par value common shares of the Company for the quarter ended September 30th, payable November 15th, to shareholders of record October 27th, 1937.

By Order of the Board,

H. G. BUDDEN, Secretary.

Montreal, October 20, 1937.

The Guelph Carpet & Worsted Spinning Mills Limited

COMMON DIVIDEND No. 15

Notice is hereby given that a Dividend of One Dollar ($1.00) per share has been declared upon the outstanding Common Shares of No Nominal or Par Value of The Guelph Carpet & Worsted Spinning Mills Limited, payable November 1, 1937, to Shareholders of record at the close of business October 20, 1937.

By Order of the Board.

B. F. GRIGGS, Secretary-Treasurer.

Guelph, Ont., October 22, 1937.

The Guelph Carpet & Worsted Spinning Mills Limited

PREFERRED DIVIDEND No. 34

Notice is hereby given that a Dividend of One and Five-eighths per cent (1⅝%), being at the rate of Six and One-half per cent (6½%) per annum, has been declared upon the outstanding 6½% Cumulative Convertible Preferred Shares of The Guelph Carpet & Worsted Spinning Mills Limited, for the Three Months ended October 31, 1937, payable November 1, 1937, to Shareholders of record at the close of business October 20, 1937.

By Order of the Board.

B. F. GRIGGS, Secretary-Treasurer.

Guelph, Ont., October 22, 1937.

A. J. PATTISON Jr. & CO Ltd
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

Melchers Cash Position Better

Directors Issue Interim Report Covering 8-months Period

From Our Own Correspondent

MONTREAL. — Melchers Distilleries Ltd. report net profit, after allowance for depreciation and income taxes, of $56,151 for the eight months ended Aug. 31, last. This was equivalent to 44 cents a share on the 6% cumulative participating preferred stock. After payment of an initial dividend of 30 cents a share on the preferred, net profit applicable to the common, amounted to $18,651, or 29 cents a share. During the calendar year 1936 the company had a net profit of $70,949 after deducting $17,250 as provision for income taxes.

In the interim report to shareholders, the company states that it has disposed of its remaining stocks of American type whiskies with the result that cash on hand, after liquidating $350,000 shown on the 1936 balance sheet, as payable to the old class A shareholders, is close to $250,000. These funds will be used to increase stocks of domestic spirits and provide ample reserves for the needs of the business.

Use Plant Facilities

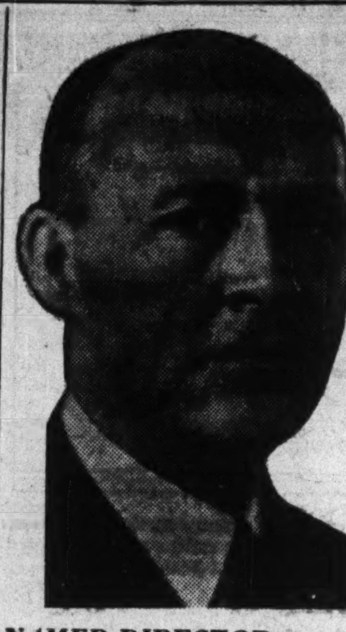
Since 1929 Melchers has only distilled on the average of four or five months a year, but directors report that arrangements have been made to produce certain other products which will absorb approximately six months of idle expenses, thereby decreasing carrying charges.

A balance sheet dated Aug. 31 last, which accompanies the report to the shareholders, shows current assets at $700,110 and current liabilities $21,281, leaving a net working capital of $678,829.

Liquid Position Stronger

The principal items among assets consist of cash $249,599; accounts receivable, $115,411; inventories valued at cost, $335,100; fixed assets, $906,962.

Liabilities consisted mostly of accounts payable, $9,371, and allowances for Dominion and provincial income taxes, $11,910. Trademarks, patents and goodwill were taken in at $1.



NAMED DIRECTOR

James R. Murray, formerly chairman of the Canadian Wheat Board, was elected a director of Federal Grain Ltd., Winnipeg, at the recent annual meeting of shareholders, taking the place of H. V. Hudson. Mr. Murray was chairman of the wheat board in the period up to last July when the large Canadian government holdings of grain were liquidated.

Western Canada Flour Changes Executives

Alfred J. Mitchell, Toronto, formerly vice-president, was elected president of Western Canada Flour Mills Co. following the annual meeting of shareholders at Toronto on Oct. 21. He succeeds D. B. Hanna in the presidency but Mr. Hanna remains a director.

R. G. O. Thomson, formerly secretary, has been appointed vice-president, and A. H. Denoon has been made secretary.

Shareholders were informed at the meeting that sales in the current year, which started Aug. 1, have run below those of the same period a year ago. This is attributed largely to high premiums for cash wheat and the wide spread between Canadian prices and quotations in other wheat markets.

Spotlight on Labor

Word From the Waterfront

The much publicized plan of Montreal labor leaders to combine all Canadian waterfront and steamship workers into a single, strong federation of affiliated unions, appears to be, thus far at least, largely a case of wish fulfillment. It is regarded in some circles as a grandiloquent scheme conceived by labor organizers to whip up interest in unionization among non-union workers, and to maintain the support of those already unionized.

The plan is partly to extend the strength of American Federation of Labor unions in the shipping field, and partly to head off any attempt by the C.I.O. to extend into Canada its foothold in the U.S. shipping industry. Sponsored by the International Longshoremen's Association, the proposal contemplates a hook-up between that body and the Canadian Seamen's Union and the Brotherhood of Railway Freight Handlers. The federation would also take in teamsters and truck drivers.

The I.L.A. is already entrenched on the Montreal waterfront, especially in regard to loading of ocean and coastwise vessels. It is now attempting to extend its strength among loaders of river and Great Lakes boats, and to take over union groups affiliated with the National Catholic Unions. The Canadian Seamen's Union recently reached a compromise agreement with operators of Canadian lake steamship lines.

It is suggested that longshoremen and seamen might threaten to strike if the three Great Lakes firms insisted on dealing with the Catholic body instead of the A. F. of L. bodies. Resentful as the three firms involved might be of such an arbitrary demand, it may be that ship operators generally would prefer to deal with representative dependable A.F. of L. unions in preference to leaving the way open for an invasion of trouble-rousing agitators from the C.I.O. ship unions.

At the same time, Canadian operators are not likely to be stampeded by a non-existent threat of a C.I.O. "invasion" created as a smoke screen by labor organizers. So far, organization of Canadian shipping labor has been erratic in extent and uncertain in quality, and has been disappointing to operators in so far as dependability of agreements is concerned. Clarification of the situation would go far to stabilize steamship operations from the sea to the head of the lakes.

• • •

Workers in Steel

Silby Barrett, of Nova Scotia, senior Canadian official of the United Mine Workers (original nucleus of the C.I.O.), has directed C.I.O. organizing efforts among steel workers in eastern Canada. He recently put in an appearance in Montreal, Toronto and Hamilton, apparently in an attempt to co-ordinate and revitalize the somewhat lagging campaign to unionize steel workers in those centres. Organizing activities have proved abortive in Montreal, and have made very limited headway among workers in the primary steel plants in Hamilton. Some success has attended efforts among workers in the smaller secondary plants in Toronto, but no agreements of importance have been won, no closed shops instituted, and no foothold gained in any major plants. Even on the basis of Mr. Barrett's own figures, less than 10% of Canada's 125,000 steel workers have been organized, and this estimate is subject to the usual discount arising out of union leaders' optimistic exaggeration and the failure of newly enrolled unionists to pay dues regularly.

DIVIDEND NOTICES

Blue Ribbon Corporation Limited

NOTICE is hereby given that a dividend of Fifty Cents (50c) per share on the preferred shares of the Company has been declared payable on and after the 1st day of November, 1937, to shareholders of record on the 28th day of October, 1937.

DATED at TORONTO this 25th day of October, 1937.

J. C. JAMIESON, Secretary.

Canada Iron Foundries Limited

Dividend Notice

Notice is hereby given that a dividend of 1½% on the $100.00 par value 6% non-cumulative Preferred Shares of this Company has been declared for the half year ended June 30th, 1937, payable November 15th, 1937, to holders of record October 31st, 1937.

By order of the Board.

M. S. GROGAN, Secretary-Treasurer.

Dated at Montreal, October 22nd, 1937.

The Calgary & Edmonton Corporation Limited

Notice is hereby given that a distribution of five cents per share will be payable out of Distributable Surplus on or after 15th December, 1937, to shareholders of record at the close of business on the 1st December, 1937.

The transfer books of the Corporation will be closed from the close of business on the 1st December, 1937, to the opening of business on the 11th December, 1937.

Holders of stock not registered in their names should effect registration before the closing of the books.

By Order of the Board,

C. E. REECE, Secretary.

Dated at Winnipeg, this 20th day of October, 1937.

Zeller's Limited

Notice is hereby given that a regular quarterly dividend of 1½% on 5,425 Preferred Shares of the Company of the par value of $100.00 each, now represented by 21,700 Preferred Shares of the Company of the par value of $25.00 each, and a dividend of 1% on 8,300 Preferred Shares of the Company of the par value of $25.00 each, outstanding since the 1st September, 1937, be and they are hereby declared, the same to be paid on the 1st November, 1937, to Preferred Shareholders of record on the 15th of October, 1937.

By Order of the Board.

T. E. McDermott, Secretary-Treasurer.

Twin City Income Declines Slightly

Report For Nine Months Shows Coverage of Fixed Charges

Twin City Rapid Transit Co., Minneapolis, reports a slight decline in net income for the first nine months of 1937, as compared with the corresponding period of 1936. However, all fixed charges were covered 1.48 times compared with 1.5 times in the 1936 period. Net income is calculated before allowing for U. S. surtax on undistributed profits.

The company has had a slight decline in operating income this year and while operating expenses have increased slightly, taxes have shown a substantial rise. The decline in interest on funded debt was not sufficient to offset these unfavorable factors.

Income Account

	1937 $	1936 $
Oper. income	6,749,030	6,826,734
Less: Oper. exps.	4,782,587	4,752,665
Net oper. revenue	1,966,443	2,074,069
Less: Taxes	841,664	763,759
Oper. income	1,124,779	1,310,310
Add: Other inc.	21,703	32,386
Gross income	1,146,482	1,342,696
Less: Int. on debt	719,005	834,610
Bond discount	49,626	49,990
Misc. debits	8,437	11,788
Net income*	369,414	446,308

*Before provision for surtax on undistributed profits.

Week in Wheat

Short Australian Crop Makes Buyers Anxious

Reports from Southern Hemisphere Add Underlying Strength to Markets — Big Premium on Canadian Hard to Continue

From Our Own Correspondent

WINNIPEG.—Reports from Australia confirming expectations of a short crop of wheat, at only 140 million bushels, added early strength to Liverpool and through it to Winnipeg. Weaker prices at Chicago, however, brought prices down later. Only slight attention was given to reports of developing rust in the Argentine, as the infestation does not appear to be important, and the crop is well advanced in the districts where it has appeared.

The market shows itself highly sensitive with fairly wide daily ranges of price. This is attributed to its narrow base, with only small quantities of wheat available and only a limited amount of speculation. A comparatively small increase in buying for export will put it up, with a resulting decline when business falls off. Winnipeg, however, running on a much higher basis than other markets, tends to obey laws of its own.

Exports of wheat alone last week were 2,500,000 bushels, a rate which it is impossible for Canada to maintain for the whole crop year, especially of the Northern grades which make up about 95% of the shipments. Only a small quantity of Durum, which constitutes almost 25% of total wheat in store, is moving, but holders appear to be confident that they can eventually find a market for considerable quantities.

New Wheat Prospects

It now appears fairly certain that considerable drought damage has occurred in the Argentine. General rains have arrived in the last week but in some large districts it is believed that these have been too late materially to affect the outcome. As a result, a considerable reduction is expected in last year's crop of almost 250 million bushels. New Argentine wheat from the crop now nearing maturity will be ready for the binder in December and usually reaches Europe in volume from January until March.

• • •

Seed Big Acreage

Last year's record winter wheat acreage in United States is believed to have been repeated again this fall. Seeding is still proceeding under fairly favorable conditions. Normally, the United States total wheat crop is two thirds of the winter-sown variety but in the last three seasons it has been larger due to the drought in the spring wheat states in the north.

In Europe, where fall seeding is also practically completed, an unusually large acreage is also reported.

As fall wheat both on this continent and in Europe faces its really critical time in the spring, when killing may amount to as high as 25%, any northern hemisphere crop estimates before that time are of little value.

• • •

Hard Wheat Scarce

If Canada had any great quantity of wheat to sell this year, our market would be so far out of line as to be in a dangerous position. The only thing that seems to establish the soundness of the present comparative situation from a seller's viewpoint is that apparently countries overseas are willing to take all they can get of the Canadian grades on the present basis. The higher grades are snapped up by exporters, not only as soon as these grades reach the terminals, but as soon as country elevators have bought them in the country and are willing to contract for forward delivery. At the same time a fair volume of buying in the futures contracts comes into the market from overseas, quite sufficient to balance all the hedging sales against new deliveries by farmers.

• • •

Farmers Holding Back

Manitoba farmers appear to be holding back on their farms some considerable quantities of wheat. With needs for immediate cash satisfied by the sale of part of their crop at good prices, they are taking a chance on an improvement in spite of the fact that the top grade now commands close to $1.50 per bushel on the Winnipeg market.

• • •

Feed for Saskatchewan

The Saskatchewan Government is believed to have bought some large quantities of United States oats and corn for relief distribution, and on this, it is announced, duty will not be collected by the Dominion Government. Some quantities of such grain have already been imported on a commercial basis, duty paid, but handlers are somewhat nervous about continuing the business for fear Government imports, duty free, may tend to break prices.

Little Surplus for Reserve In Wheat Crops This Year

Total wheat production in the Northern Hemisphere this season, exclusive of Russia and China is estimated at approximately 3,355 million bushels, by the International Institute of Agriculture at Rome. This compares with 3,058 million a year ago or an increase of almost 300 millions. Due to an unfortunate duplication of figures it was reported on this page recently that the increase would be in the neighborhood of a billion bushels.

European production is estimated at 1.5 billion bushels, a trifling increase over a year ago, but almost 200 million above the 1926-30 average. As compared with the average of the 1931-35 crops, however the current yield represents a decrease of about 7%. Yields per acre aside from the big return in 1933 show little fluctuation from around 19.5 bushels per acre in the last decade.

On the basis of present wheat production and consumption estimates alone, the institute concludes that with average crops in the Southern Hemisphere there should be a slight surplus available for reserve carry-over next Aug. 1. This last August was estimated at only 236 million bushels, a decrease of 130 million from the previous year and less than a third of the peak accumulation of 741 million bushels at Aug. 1, 1933.

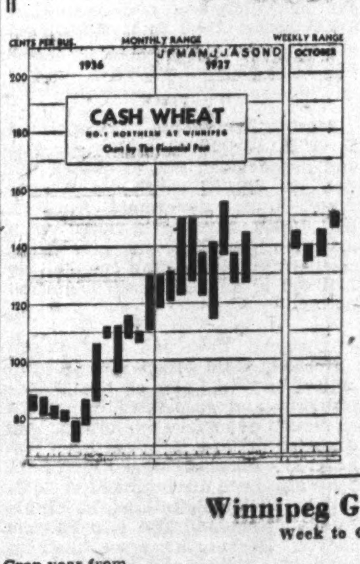
But the institute also believes that total world import needs may easily exceed the present estimate of 550 millions. The belief is based on the very small crops of rye in Europe this year, 795 million bushels against 842 million a year ago and an average of close to 875 millions for the last ten years. Rye and wheat are competitive bread cereals in Europe and when one is short more of the other will be used.

The close relationship between probable demand and available exports for the season ending next Aug. 1, is shown by the following institute estimates.

Wheat Crop 1937-38

	(000's)
Exports:	
Canada and U. S.	240,000
Argentine and Australia	220,000
Russia, Danube, North Africa, India	150,000
Total	610,000
Imports	
Europe	400,000
Other countries	150,000
Total	550,000

Wheat Prices



(Cash Quotations)

	For Week Oct. 26 High	For Week Oct. 26 Low	Prev. Week High	Prev. Week Low
1 Man. Hard	1.51½	1.46⅝	1.44½	1.36⅜
1 Northern	1.51½	1.46⅝	1.44½	1.36⅜
2 Northern	1.42½	1.38⅝	1.35	1.30⅜
3 Northern	1.19¾	1.16⅝	1.16⅜	1.13⅜
4 Northern	1.14½	1.10⅝	1.12⅛	1.07⅞
5 Wheat	1.08½	1.05⅝	1.06⅛	1.02⅞
6 Wheat	1.04¼	1.01⅞	1.00⅛	.96⅞
Feed Wheat	.83½	.77⅝	.82⅛	.79⅜
Vancouver: Week to Oct. 25:				
1 Northern	1.34⅜	1.27	1.32⅞	1.26¾

Competitive Export Prices:

Oct. shipments:	Week to Oct. 26 High	Low
No. 1 North. (Atlan.)	1.73¼	1.68⅜
No. 3 North. (Atlan.)	1.45⅜	1.39¼
Australian	1.38½	1.37
Indian (new crop)	1.32¼	1.30¾
U. S. Hard Winters	1.27⅛	1.24½
Argentine (Rosafe)‡	1.26¾	1.22¼
Rumanian	1.19¾	1.19
Russian†	1.26	1.24½

‡New crop, Jan.-Feb., speculative offers. †Oct.-Nov.

Winnipeg Grain Futures

Week to Oct. 26, 1937

Crop year from Aug. 1, 1937 High	Low		Close Oct. 20	High for week	Low for week	Close Oct. 26
		Wheat				
1.36	1.18¼	Oct.	1.22½	1.28	1.21¾	1.26¼
1.29½	1.13¾	Dec.	1.16¾	1.21½	1.16¼	1.19⅝
1.30¾	1.[illegible]	May	1.14⅞	1.19	1.14⅜	1.17⅞
1.34⅜	1.1[illegible]	Nov.	1.22	1.25⅞	1.21⅜	1.24
		Oats				
.55¾	.43¾	Oct.	.51½	.53½	.50¾	.52½
.51⅜	.40½	Dec.	.46⅝	.48¼	.46⅛	.46⅞
.51	.42½	May	.45	.46⅜	.44⅝	.45
.52½	.49¾	Nov.	.....	.52½	.49¾	.49¾
		Barley				
.67½	.54¾	Oct.	.61¾	.63¼	.61⅜	.62
.65⅞	.52½	Dec.	.60⅜	.61¼	.59⅜	.59¾
.64½	.53¼	May	.58⅛	.60⅜	.58⅝	.58⅝
.61⅞	.61⅜	Nov.	.....	.67⅞	.61⅜	.61⅜
		Flax				
1.80¾	1.72¾	Oct.	1.77½	1.80⅛	1.77½	1.80⅛
1.80¼	1.72	Dec.	1.77⅞	1.79½	1.77⅞	1.78⅛
1.82	1.74	May	1.79	1.81¼	1.78	1.78⅜
		Rye				
.96½	.78	Oct.	.80	.83⅜	.79⅝	.82⅜
.96	.77½	Dec.	.78	.86⅜	.77½	.82⅞
.95⅝	.78⅞	May	.79½	.86¾	.79¼	.83⅞

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Week in Mining

More Confidence Seen In Mining Stock Prices

Comparative Stability of Gold Shares Evident in Recent Market Break—Base Metal Picture More Obscure

By sheer contrast with the slump in industrial stocks, some degree of confidence has been restored to the gold share market, which, while selling on a generally lower level, avoided the series of breaks in the industrial section.

Accompanying this action (and perhaps partly accounting for it) has been the revival of inflation talk. While most Washington observers make it clear that a repetition of the 1932 depression is very unlikely, their discussion of possible devaluation of the American dollar is interesting reading to the Canadian gold investor. Even placing the most conservative construction on these views, the general effect is more encouraging, from the point of view of the stability of present gold prices, than it has been for some time.

In this and preceding issues, The Financial Post is publishing the nine months earnings statements of many leading producers, figures which show earnings, in most cases, as high, and in a few cases, higher than corresponding earnings last year.

While nothing of a tangible nature has developed in the base metal commodity market, the prices for these shares have been showing the same uncertainty and uneasiness which mark the general business scene.

McIntyre Porcupine

Six months earnings figures published by McIntyre Porcupine Gold Mines show that in the first half of the year this company earned sufficient to pay its entire annual dividend, and still had a margin of 20 cents per share.

The fact that this company has always adopted a policy of building up its reserves rather than paying all its earnings out in dividends and bonuses is well known. That such a policy, which has already resulted in building up substantial liquid reserves, has been justified, is shown by the behavior of this stock during the recent sell-off. Shareholders who make an annual practice of urging at the annual meeting that the company alter its policy and adopt a more generous dividend policy, should bear the developments of the past month in mind when tempted to again ask for a higher dividend rate.

Incidentally, this company's reserves appear to be reaching the objective of directors, with the result that more generous dividends are being looked for in the not too distant future.

• • •

Radium at Port Arthur

Importance of the radium discovery reported from Port Arthur by Dr. T. L. Tanton, Dominion geologist, is not immediately apparent. The radium, Dr. Tanton reports, was contained in ash from the mineral called anthoxolite, which is practically all carbon, and resembles anthracite in appearance. Samples are now being taken, and the find examined, in an effort to determine what commercial values, if any, the deposit has.

This is not the first time that the presence of radioactive minerals has been found in Ontario. For many years efforts have been made to develop to the point of a commercial enterprise radioactive deposits in Haliburton twp., near Wilberforce. At present, however, the only commercial enterprise is that of Eldorado Gold Mines at Great Bear Lake in the Northwest Territories.

• • •

Index to Mining Stocks

A violent break on Canadian mining markets occurred on Oct. 18 and 19. Selling pressure forced prices down to levels considerably under recently established lows. The final days of the week ended Oct. 21 witnessed a rebound, and earlier losses were more than retrieved. Both gold and base metal groups participated in the brisk recovery, and just as base metal shares suffered most heavily in the decline, so also were they the more prominent in the subsequent rally. The general price index for 24 mining issues, issued by the Dominion Bureau of Statistics, was 123.2 on Oct. 21 as compared with 120.2 a week earlier. The gold section moved up from 102.0 to 104.6, and the base metals from 194.4 to 199.3. In spite of the improvement noted above, weekly averages fell sharply. The general index receded 8.2 to 115.8, golds down 5.9 and base metals 16.4 between the weeks ended Oct. 14 and 21.

Minto Facing Cash Shortage

$150,000 Development Programme Urged By Consultant

Minto Gold Mines, owning a producing gold mine in the Bridge River area of British Columbia, operated at a net loss of $25,385 during the fiscal year ended June 30, annual report shows.

A. G. Larson, consulting engineer, recently engaged to make a survey of the property, states, in a report accompanying the annual statement, that the ore on the 700-ft. level was not commercial, but that "spectacular high-grade stringers" occurred in numerous places, leading him to believe that the ore should improve at depth. He recommends the sinking of the main shaft another 200 ft., to explore fully the vein at that depth.

Mr. Larson points out that should the proposed development work disclose large tonnages available, it would be necessary to provide cyanide facilities in the mill, present recoveries being only 70%. To complete Mr Larson's development programme would require, he estimates, not less than $150,000.

The company's balance sheet at June 30 shows a deficit in working capital of $4,452, current assets of $25,605 comparing with current liabilities of $30,557. At the end of the previous fiscal year the company had a working capital of some $30,000. Of its three million share authorized capitalization, 2,700,000 shares have been issued.

Income and Surplus Account
(Year Ended June 30)

	1937 $	1936 $
Total recoveries	258,875	230,471
Less: Mining & milling	163,421	119,615
Trans. ref. & mktg. expen.	67,505	55,650
Gross profit	27,949	55,206
Less: Admin. & gen. expen.	9,288	10,528
Depletion	29,645	16,000
Depreciation	11,665	9,629
General taxes (est.)	2,716	3,700
Net profit	*25,385	15,349
Previous deficit	†7,023	8,326
Deficit forward	18,362	†7,023

*Deficit
†Surplus.

Howe Sound Earnings Show Big Increase

Greater tonnage treated, and prices whose averages were higher than last year, have combined to raise materially the earnings level of Howe Sound Co., holding company principally interested in base metals.

Net profit for the nine months ended Sept. 30, 1937, before depletion and surtax on undistributed profits, amounted to $8.65 per share as against $3.62 per share earned in the nine months ended Sept. 30, 1936.

Following is the comparative figure:

Income Account
Nine Months Ended Sept. 30

	1937 $	1936 $
Gross earn.	15,275,213	9,116,469
Less: Oper. exps.	11,000,018	7,723,005
Oper. profit	4,275,195	1,393,464
Add: Other income	89,452	560,915
Total income	4,364,647	1,954,379
Less: Depreciation	264,491	238,715
Net profit*	4,100,156	1,715,664
Earnings per share	$8.65	$3.62

*Before depletion and in 1937, before surtax on undistributed profits.

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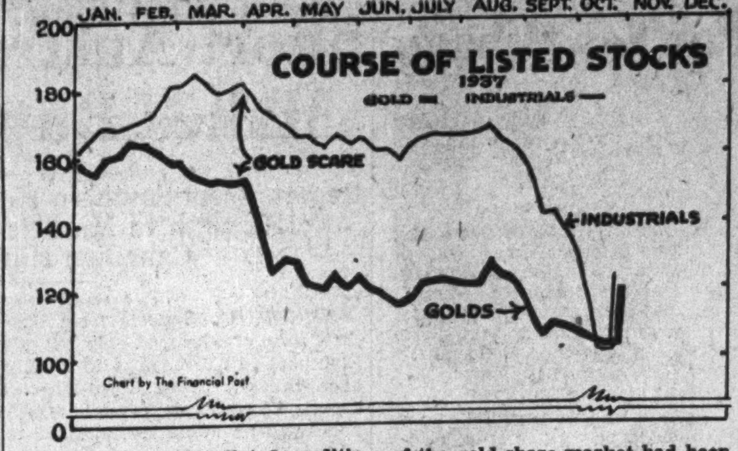

Largely because inflated conditions of the gold share market had been rectified several months before, shares of Canadian gold stocks, as shown above, were comparatively steady during the recent market break.

Why Golds Behaved

Comparative Steadiness of Senior Producers Based on Fundamental Conditions

Gold stocks, usually regarded as the most volatile and temperamental actors among the markets drdamatis personae, today are giving the steadiest performance in the London, New York, Toronto, and other world exchanges.

As the accompanying chart shows, gold shares got most of the "temperament" out of their systems as long ago as March and April of this year, as the result of what will go down in history as "The Great Gold Scare of 1937."

When the general selling wave started late in August, it found the gold stocks more or less firm on their feet. What would have happened had the recent selling wave and sharp decline set in late last winter, when by all standards, the gold share market was dangerously inflated, is a matter for idle but rather awesome speculation.

The fact that the mining market had passed through the deflation process before the industrial market cannot, however, entirely account for the comparatively steady behavior of these stocks during the current crisis, or for the quickness with which the upswing in golds (temporary or otherwise) started.

In many ways, the developments which combined to send industrial stocks down, were the very set of circumstances which in the past have proved to be beneficial to the golds. While most economists and practical observers are of the opinion that the recent break does not herald another major depression, the fact remains that seriously depressed capital markets, general slowing up of business, and falling commodity prices do, under the managed economy being attempted by the New Deal administration, revive the possibilities of inflationary steps across the border.

Even some of the most conservative observers are no longer branding as utterly impossible a higher price for gold. P. H. Whaley, editor-in-chief of Whaley-Eaton Service of Washington, and rated high among economic-political observers, in a special article to The Financial Post on page 9 of this issue, refers to this possibility. Although earlier in the article expressing the opinion that another major depression is not thought imminent, this commentator says:

"In the face of another imminent depression, it is possible that the President would not hesitate to reduce the gold value of the dollar to 50c.; even to ask congress for authority to go lower than that by raising the price of gold."

From another angle, the recent developments have encouraged the gold share investor. During the period of rising market and commodity prices, the earnings of the gold producers are and were narrowed by the higher cost of operating. Now that commodity prices have paused in their upward climb, and in the case of some commodities, actually dropped in recent weeks, this problem of rising costs has been alleviated, while, at the same time, the price paid for the mine's product remains as before. The effect of this condition (in which gold mines, among all industrial enterprises have a monopoly) should show in tangible form when the 1937 earnings figures come to be published.

At the time gold stocks were dropping so sharply, earlier this year, fear of labor trouble was coupled with fear for gold in the general selling psychology. It is now generally felt that no matter what strides the C.I.O. and A. F. of L. make toward declaring a truce, labor in general will lie more or less low, during the present unsettled period at least.

Yields Seen as Attractive

The fact that earnings of the major producers have remained steady, and in some cases have grown, during the six months decline, has, as recently pointed out, materially increased the yields which these stocks are paying. This must be taken into consideration in explaining the action of this group in recent weeks. Had the market prices declined during the last selling wave proportionately to the decline in industrial stocks, obviously the yields would have risen to almost absurd heights. It is safe to say that the yields paid by Canadian gold stocks attracted effectively large investment buying to this group, thereby helping to stabilize the market. Similarly, the market letters of some of the bigger investment houses have suggested that gold shares provide an excellent hedge against the possibility of further contraction in general business.

It would not, of course, be safe to assume that the present yields being paid by the senior gold stocks are abnormal, and therefore transitory. Styles in yields, like styles in interest rates and ladies' hats, vary from time to time. The "abnormal yield" of today may be the normal yield of tomorrow. All that can be said at present is that, under the current focus, yields paid by the mining stocks averaging around 12% have proved attractive to many, regardless of how one views the chances of capital appreciation.

Mining News Concentrates

Dawson-White Gold Mines has suspended work at its property in Sturgeon Lake area of Ontario because of inability at present to raise funds. Results from work to date have been encouraging.

• • •

Porcupine McNabb Gold Mines, holding 700 acres in Night Hawk area, expects shortly to resume work and contemplates shaft sinking, reports F. J. McFarlane, president. Sections obtained from drilling completed include $12.60 from 5 feet of core at 150 feet vertical depth in one of the 20 holes sunk. Another hole cut 30 feet of quartz, values ranging from $1.40 to $18 55 per ton, including one section of $18.55 across 2½-3 feet. Additional sections give $17.40 across one foot and $7.70 across 2½ feet.

• • •

Preston East Dome has appointed D. G. H. Wright managing director and has decided not to extend option on 240,000 shares at $2 per share. Under agreement Aug. 12, 1937, 10,000 shares were taken up in that month at $2 per share, bringing company's outstanding capital to 2,760,000 of an authorized 3 million shares.

• • •

Roeanor Gold Mines has dropped option on the Lake of the Woods property and suspended operations as results of surface exploration and diamond drilling have not been sufficiently encouraging. Operations have also been discontinued at holdings in Pickle Lake East, adjoining Pickle Crow Gold Mines in Patricia district. Roeanor has some funds on hand, it is understood, and these are being conserved for the time being.

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Silver Valley Mines has sent first test shipment to refineries; results from this test are expected to be available shortly. A new strike is reported to have been made on the first level of No. 3 underground system. Manager reports some high grade samples secured.

• • •

Wakami Gold Mining Syndicate, holding 21 claims on Hardiman Bay, Horwood Lake area, has begun diamond drilling. Contract calls for minimum of 1,500 feet, with probable maximum of 3,500 feet of drilling. Drill will be run on 24-hour basis. First holes are being sunk to investigate an interesting disclosure on the western end of the property.

Albany River Results Good

Development work at Albany River Mines has yielded in the last three months the most important results since the present programme began, says J. W. Morrison, president, in a progress report covering the history and development of this Patricia property since its inception. On the 375-ft. level an impressive length of good grade ore has been developed.

"With the vein system in which this ore occurs proved to extend a considerable distance on either end, the possibilities of additional ore shoots being developed as our work progresses appear most encouraging," the president says.

The same vein has recently been opened on the 125-ft. level several hundred feet to the east, and has been proved an ore carrier at this horizon also. Drilling below the 375-ft. level indicates persistence of the vein and favorable ore conditions to a depth of 525 ft., suggesting deep-seated ore deposition.

In view of results secured in developing a relatively small section of the long ore zone, it is felt that only further work is required to develop a sufficient tonnage of ore to warrant proceeding with plans for a mill.

Recovery Down Slightly At Canadian Malartic

During the three months ended Sept. 30, 1937, Canadian Malartic Gold Mines, Ventures controlled gold producer in Quebec, experienced slightly reduced recovery and higher costs, compared with the previous quarter. The higher operating costs, which worked out to about $2.54 per ton treated, were due to the surface diamond drilling programme.

Quarterly Earnings
(3 mos. ended Sept. 30)

	1937 $	1936 $
Metal produced	269,918	206,866
Less: Market expen.	3,590	2,823
	266,328	204,043
Less operating costs:		
Diamond drilling	10,143	8,478
Mine develop.	21,975	38,842
Stoping	59,136	31,171
Milling	41,623	26,259
Mine office	8,574	8,018
Gen. exp. at prop.	5,075	7,983
	119,202	83,392
Gen. & admin. exp.	6,132	6,952
Oper. profit*	113,070	76,440
Capital expenditure	37,176	92,370
Production:		
Tons milled	60,406	32,948
Average recovery	4.46	6.27

*Before depreciation, deferred development and taxes.

Davies Well Jumps Output To New Peak

Plains No. 2 in Taber Field Ranks as Producer

SHALLOW WELL

From Our Own Correspondent

CALGARY — An unprecedented flush rate of three barrels a minute, or 4,320 barrels a day was reported from Davies Petroleum 2, the largest well in Canada, following acidization last week. Prior to treatment, the well was producing 1,400 barrels a day, under proration.

Maynard Davies, president of Davies Petroleum Co., when questioned regarding this report, said he preferred to wait a short time until the well had settled down before giving an official figure of production.

He announced that Davies Petroleum 3 would be started two and a half miles south of Prairie Royalties and about four miles south of Davies Petroleum 2.

No official reports were released last week-end on Prairie Royalties production or on the production of the Four Star well, completed some time ago. Prairie came in with a large gas flow and is believed a good crude producer.

Taber Field Proved

Following an impressive display earlier in the week, when the crude oil was lifted 30 ft. into the derrick before spectators, Plains Pete No. 2 well was declared the first steady producer in the New Taber field after a 12-hour test on the pump which gave 127 barrels.

This rate of around 250 barrels a day will probably be increased after adjustments have been made to equipment. The well is producing from a depth of 3,220 ft.

Lake Rowan Considers Construction of Mill

Should conditions at the two lower levels resemble those proved in the adit, building of a mill at Lake Rowan Gold Mines, Red Lake area of Ontario, will be in order, says H. M. Porteous, vice-president and managing director, in a progress report. Company is now sinking a three-compartment shaft to 325 ft. below the Discovery Hill tunnel level, and will cut two stations at 150 and 300 ft. Crosscutting and drifting will then be done to prove continuation of the ore to depth.

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Manitou Holds Out Production Hopes

There exists a good chance that an ore zone of considerable tonnage may be opened at the property of Manitou Mining Co. Bridge River area of British Columbia, R. H. Stewart, managing director, reports.

It is possible that an ore shoot may develop along the north leg shown in one section, but of this very little is as yet known, Mr. Stewart says. Only scattered ore is to be expected in the central zone, where No. 2 tunnel is located. Work is being concentrated on two tunnels, and should this continue favorable it appears likely that at least a small paying operation will be developed. Continuance of work in this area is recommended.

Coniaurum Mines Raises Profits

A total profit of $84,316, before taxes, depreciation, and write-offs, for the third quarter of the year is shown by Coniaurum Mines, Porcupine producer. Greater tonnage resulted in raising the profit figures for this quarter as compared with the corresponding quarter last year.

QUARTERLY EARNINGS
Three Months Ended Sept. 30

	1937 $	1936 $
Net inc. from prod.	359,265	328,179
Less: Dev. & op. exps.	293,514	272,869
Est. oper. profit	65,751	55,310
Add: Non-oper. inc.	18,565	7,959
Est. total profit*	84,316	63,269
Tons of ore milled	43,155	42,145

*Before taxes, depreciation or deferred development.

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Cent. Manitoba Now Seeking New Property

Has Increased Working Capital to $254,587 at Year's End

MINE CLOSED

From Our Own Correspondent

WINNIPEG. — Although Central Manitoba Mines for the year ended Aug. 31 had production of bullion amounting to $338,987 and other income which brought the total up to $350,335, it closed the year with a net loss of $100,608 after charging depreciation and write-offs.

William Hurst, chairman, president and managing director in his report to directors relates the various endeavors which have been made to find additional ore bodies without success and points out the property has been examined by several eminent engineers and geologists, whose recommendations were carried out.

Since the middle of July the company has been engaged in retreating certain sections of the tailings. He says:

"Although we have been unable to make very large profits from this operation, yet during the month of August we treated 7,100 tons and made a profit of about $900 and in September our operating profit was about $3,000."

All supplies and provisions not required in the retreating operations are being liquidated as fast as possible. Expenditures, the report says, have been cut to the minimum. President, consulting engineer and secretary-treasurer are not now drawing salaries but for the year will be paid, for the first two an honorarium of $600 each and the latter $250.

Surplus cash of the company is being conserved by carefully selected revenue producing investments and the revenue is more than sufficient to carry the company's overhead without having to resort to capital.

"Your directors," the report says, "are looking for a new property in the midwest mining area and are employing a field engineer to examine properties under consideration."

The company's balance sheet as at Aug. 31 shows current assets totalling $271,142 against current liabilities of $16,555, leaving a working capital of $254,587, against working capital at the end of the 1936 fiscal year of $233,904. Current assets include cash of $137,598.

	1937 $	1936 $
Bullion revenue	338,987	444,284
Less operating exps.:		
Development	124,078	143,056
Mining	118,756	143,710
Silicosis asses. accr.	......	1,605
Bullion expenses	5,855	8,529
Insurance	5,357	5,357
Admin. & gen. exp.	18,033	18,782
Options on other proper.*	1,545	......
Mill operation	65,298	93,581
Re-treatment of tailings	14,940	......
Operating loss	14,870	†29,664
Non-oper. revenue:		
Interest	4,340	5,509
Sundry revenue	7,008	13,661
Less: Organ. exp. w/o	15,974	15,974
Depreciation	47,597	43,305
Prelim. develop. costs■	30,617	39,921
Loss on sale of supplies	916	......
Exp. dismantling equipment	1,975	......
Net loss	100,608	50,366
Add: Previous deficit	927,161	888,415
Less: Drawback claims 1935-1936	1,920	......
Sundry adjustments	728	......
Trans. of amts. prev. chgd.	......	11,620
Balance forward	1,025,120	927,161

* Abandoned.
† Profit.
■ Written off at rate of $1 per ton milled.

Four Veins Located On Vauquelin Property

Quemartic Mines, which has acquired outright 30 claims adjoining Maniwaki Mines in Vauquelin Twp., Que., reports that four trenches put down on one of the claims over length of 120 ft. disclosed vein material 2-3 ft. wide, visible gold being seen in two of them. West and south of this vein another discovery showing coarse free gold was made. A trench put down 100 ft. west located quartz veins and stringers over width of 17 ft. Two other veins have been uncovered in this area in or close to a quartz feldspar porphyry dyke. Every effort is being made to extend the showings.

A wholly-owned subsidiary, Quemartic Mines (Quebec) has been formed to acquire and develop the company's properties. Quemartic has about $25,000 in its treasury, with no liabilities. Development of its 29 claims adjoining Sladen Malartic Mines in Fourniere Twp. awaits results of work on neighboring properties. Enough work has been done to keep these claims in good standing for about two years.

Millheads, Output Up For McKenzie Red Lake

For the three months ending Sept. 30, McKenzie Red Lake Gold Mines reports increased production to the extent of $25,664 over the quarterly period ending June 30. Increase over the corresponding period of 1936 amounts to $49,725. During the third quarter of 1937, 14,745 tons, having gross value of $223,952, were milled, average millheads being $15.68. This compares with gross value of $199,288 and average millheads of $14.93 during the second quarter.

Production for the first nine months of 1937 is substantially ahead of the same period last year. To Sept. 30, a total of 43,218 tons were treated, value being $649,263. This figure is $112,387 higher than production figures for the same period of 1936. Average millheads this year, as well as rate of milling, have materially improved, millhead values running $15.02 per ton against $13.87 last year. Milling rate has been stepped up from 143 to 160 tons daily.

Pan-Canadian Gold will install 50-ton mill on its property in Cadillac twp., Quebec, immediately. Company intends to have unit in operation by Nov. 15. Lateral work has been done on 150 and 275-foot levels, and these have been systematically sampled. Vein at surface has been traced 1,400 feet east-west, and 150 feet ran $36.40 across 18 inches when sampled.

Zeballos River Ships Highgrade

From Our Own Correspondent

VANCOUVER. — Gold ore described as spectacularly rich has been shipped to the Tacoma smelter from the Privateer mine in the Zeballos River country, west coast of Vancouver Island. The shipment was made in six carbide tins and while no estimate of the value has been made, it is said to be the richest to leave the camp so far.

Pack horses are to be shipped to the area by Edward G. Brown for a pack train between the end of the five-mile motor road from the Rey Oro and other properties. At present all supplies must be backpacked two and a half miles from the end of the road.

Secure Good Values In Development Work

The first 46 ft. of drifting in "C" ore body on Lapa Cadillac Gold's second level averages $8.05 across 5.4 ft., and the lense in this area is believed to be 20 ft. wide, The Financial Post is informed by Denison Denny, manager. On the fourth level, where a stope has been opened in this "C" lense, values are running higher in the box holes than drilling indicated. At 21 ft. above the level, the box hole ran $16.10 on six feet on the west wall and $12.95 on 6.8 ft. on the east wall.

Development in the "B" zone stope, now 35 ft. above the second level, is reported to be opening good ore; in places the stope has been slashed as wide as 16 ft. Further drilling continues to enlarge possibilities in the new northeast section 400 ft. east of the shaft.

Silver Values Reported From Rice Lake Property

From Our Own Correspondent

WINNIPEG.—Substantial and unexpected values in silver have been found on the property of Abbott Mines, six miles west of San Antonio. The company, which is being privately financed, has spent the last three months with a small crew in surface exploration. They have been test pitting, clearing and trenching a break, running approximately east and west and now traced for more than 1,600 feet. At the west end the mineralized zone has a width of about 40 feet and gradually narrows to about six to eight feet at the easterly end.

A quartz vein varying from six to eight feet in width in the western section, and traceable for about 1,000 feet, carries substantial gold values.

Noranda Funds For New Ribago

Deal Follows Work Done by Field Staff of Big Producer

For a sum large enough to assure that New Ribago Mines will be brought to production on whatever scale may be warranted, Noranda Mines has been granted the right to buy treasury shares to give it the controlling interest in the company, Lloyd Lott, president of New Ribago, advises The Financial Post.

Under the agreement, the staff of Noranda Mines will at once assume direction of mining development at New Ribago's properties in the Rouyn copper-gold area of northwestern Quebec. Consummation of the deal follows an investigation by the Noranda staff of New Ribago's apparent mining possibilities, and to determine their importance diamond drilling will begin immediately.

Continuous trenching and surface work has extended the company's copper-gold zone for a considerable length both east and west. Blasting in some of the pits to a depth of 12 to 20 ft. shows a continuance and improvement of ore conditions; the planned diamond drilling will enable mine development to be done on a scale commensurate with ore tonnage indicated at depth, Mr. Lott states in a report to shareholders.

Completion of a heavy transport road from the New Ribago boundary to the main road connecting with Noranda smelter, six miles away, means the cost of ore transportation will be low and that no concentrator should be required, as the ore could be taken direct from the headframe as it comes from the underground workings at New Ribago and trucked to the smelter.

Seal Harbor Gold Opening New Level

Seal Harbor Gold Mines, Goldboro, N.S., plans complete development of the new 425-ft. level and is working toward establishment of a fourth level at 550 ft., states Frank H. Pattinson, president, in a progress report. During September, the known ore zone was intersected on the "John Bull" and "Donkin" belts. Mill is handling slightly over 200 tons daily. A small tonnage has been available from the 425-ft. level since early September.

For the current fiscal year to date, actual recovery is equivalent to total operating expenses, including development cost. Mine management is confident that opening of the 425-ft. level will permit satisfactory control of millfeed, resulting in a reasonable profit.

Output in Yukon Worth $5 Million

Substantial Increase Predicted For 1937

According to a preliminary estimate by H. S. Bostock of the department of mines and resources, Ottawa, sales of metals from the Yukon territory will this year reach a total value of about $5,000,000, a substantial increase over 1936. Improvement in value of output Dr Bostock attributes largely to the increase in Treadwell Yukon's shipments of lead-silver concentrates from the Mayo area, where the company's production is obtained from its Silver King, Elsa and Hector mines on Galena Hill. Also contributing to the improvement is the higher price received for the lead content of the ore.

This year Treadwell Yukon sent 9,000 tons of concentrates and shipping ore to the Smelter at Bradley, Idaho; part of the shipment represented 1936 production. Another 3,000 tons await shipment. Last year's concentrates sales amounted to only 2,064 tons. From present indications, placer gold output from the Yukon will be slightly lower than in 1936, when its value amounted to $1,764,000. Yukon Consolidated Gold Corp. reports that much time has been given this year to proving placer areas.

Flow of Gas Stops Coal Gate Drilling

From Our Own Correspondent

WINNIPEG.—An unexpected flow of gas in the well being drilled 2½ miles southeast of Kamsack by Coal Gate Oils of Regina, has upset the company's plans. The gas came in at 233 feet and drilling operations have been suspended at that point. The well was being bored with a diameter of 15 inches and it had been intended to carry it much deeper.

The company is reported to be negotiating with the town of Kamsack to supply natural gas and is also preparing to drill several more wells, using the gas from the present well for light, heat and power. Perry Wither, Regina, in general charge for Coal Gate Oils, is expected in Winnipeg shortly to confer with officials of Gates Petroleum, who hold a half interest in the Kamsack property and are themselves drilling at Pilot Mound, where some power trouble has rather delayed operations.

La Reine Gold now has shaft at its property in La Reine twp., northwestern Quebec, down 50 feet. C. W. Anderson, secretary-treasurer, reports that headframe is up and collar in place. Shaft has been timbered all the way down and sinking is being carried on by three shifts. First objective should be reached within six weeks, when drive will be put out toward the south to cut main gold-molybdenite vein.

Mining Company Charters

Cambrian Developments—Que. incorp., Sept. 10, 1937. H. O. Montreal. Auth. cap., 19,500 shares, $1 par.

Canada Garnet—Que. incorp., Sept. 20, 1937. H. O. Montreal. Auth. cap., 1,000,000 shares, $1 par.

Chibougamau Opemiska Explorers — Que. incorp., Sept. 23, 1937. H. O. Montreal, Que. Auth. cap., 8,000 shares, $20 par.

Devon Gold Mines—Ont. incorp., Oct. 4, 1937. H. O. Toronto. Auth. cap., 3,000,000 shares, $1 par.

Dothan Mining & Development—Ont. incorp., Sept. 29, 1937. H. O. Toronto. Auth. cap., 100,000 shares, $1 par.

Elk Mudlake Mining Syndicate—Que. incorp. Sept. 21, 1937. H. O. Hull, Que. Auth. cap., 10,000 shares, $5 par.

Grace-Larder Gold Mines—Ont. incorp., Oct. 5, 1937. H. O. Toronto. Auth. cap., 3,000,000 shares, $1 par.

Katemis Mining Syndicate—Ont. incorp., Sept. 29, 1937. H. O. Toronto. Auth. cap., 35,000 shares, $1 par.

KeKeKo (Quebec) Gold Mines — Que. incorp., Sept. 15, 1937. H. O. Arntfield, Que. Auth. cap., 20,000 shares, $1 par.

Mariette Gold Mines — Que. incorp., Sept. 20, 1937. H. O. Amos, Que. Auth. cap., 49,999 shares, $1 par.

Minedel Mining & Development—Ont. incorp., Sept. 24, 1937. H. O. Toronto. Auth. cap., 40,000 shares, $1 par.

Red Gold (Quebec) Mining Co.—Que. incorp., Sept. 15, 1937. H. O. Montreal. Auth. cap., 4,000 shares, n.p.v.

Rubec (Quebec) Mines — Que. incorp., Aug. 28, 1937. H. O. Montreal. Auth. cap., 4,000 shares, n.p.v.

Vaillant Gold Mining Syndicate — Ont. incorp., Oct. 4, 1937. H. O. Timmins. Auth. cap., 35,000 shares, $1 par.

Washington Golds—Que. incorp., Sept. 24, 1937. H. O. Quebec, Que. Auth. cap., 20,000 shares, $1 par.

CANCELLATION OF CHARTER

Queen-Isbel Gold Mines—Charter cancelled by order of Ontario provincial secretary, Oct. 5, 1937; corporation will be dissolved as and from Nov. 1, 1937.

CHANGE OF NAME

Van-Nickel Mines—Ont. incorp., Dec. 19, 1932, has been issued supplementary letters patent at Oct. 4, 1937, changing its name to Drury Nickel Mines Ltd., and changing the capitalization from 4,000,000 shares, $1 par, to 4,000,000 shares, n.p.v.

EXTRA-PROVINCIAL COMPANY

Cariboo Gold Reef Mining—B. C. registration Oct. 8, 1937. H. O. without province, 535 Henry Bldg., Seattle, Wash. H. O. in province, 507 Stock Exchange Bldg., 475 Howe St., Vancouver, B.C.

Developing Antimony In Bridge River Area

From Our Own Correspondent

VANCOUVER.—Active development of the antimony deposits of the northern Bridge River section has been started under T. C. Botteril, in charge of crews at Reliance and Congress mines.

A crew has also been sent to the Wayside mill, which is to handle ore from Reliance and Congress and function as a customs mill for the district. The mill will be reconditioned and some alterations made in the flow sheet. It will probably be operating by Nov. 1.

Mr. Botteril estimates that 58% to 60% antimony concentrate will be produced and sold to English buyers Present prices of antimony have justified reopening of Congress, which was closed some time ago, and two short tunnels proved existence of a good grade of antimony ore at the Reliance. Lower tunnels are to be driven to gain further depth.

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Ymir Yankee Girl

Will you please review for me the situation at Ymir Yankee Girl Gold Mines?

Ymir Yankee Girl Gold Mines, the Nelson, B.C., producer, has given a good account of itself on a limited operating basis since the mill started in Jan., 1935. Production is running between $30,000 and $40,000 per month; for the fiscal year ended Aug. 31, 1936, net profit of $75,539 was shown. Mine should at least equal this figure this year. Latest estimate of ore reserves was one made in Oct., 1936, when reasonably assured ore of 160,200 tons, averaging 0.38 ounces gold, 2.0 ounces silver, and 2.0% lead was shown. Probable ore amounted to 66,000 tons.

Until this company is able to block out a greater amount of ore, the stock will, of course, be speculative. However, to date, property has responded fairly well to development work and the company has apparently a sincere directorate.

Gunnar Gold

Kindly outline for me the picture presented now by Gunnar Gold Mines.

Gunnar Gold Mines owns a gold producing property in Big Rice Lake area of Central Manitoba. It is estimated that the company is operating at cost of about $20,000 per month, which, at the current rate, leaves operating profit, before depreciation, etc., of about $30,000 per month. September production amounted to $50,904 from treatment of 4,304 tons of ore. Average millheads ran $12.26, the mill handling about 143½ tons daily for the period. It is expected company will declare a dividend shortly. At the end of September, it reported a liquid surplus in excess of $250,000.

The company has had a satisfactory record since production started. Operations are in experienced hands and the financial position is satisfactory. At the end of last year, ore reserves were estimated at 80,610 tons, with an average grade of 0.38 ounces of gold per ton. In addition there was estimated to be at least 20,000 tons of indicated ore in the number two and number three veins. Since that estimate was made the company has informed us that ore reserves have been materially increased.

Manitoba & Eastern

I should like your comments on Manitoba and Eastern's chances of success minewise.

Chief interest of Manitoba and Eastern Gold Mines at present centres in its 800,000 share holdings in Straw Lake Beach Gold Mines Ltd., which is developing a gold prospect at Straw Lake, Kenora mining division of Ontario.

Manitoba and Eastern's property in Temagami area of Ontario has not responded well to development work, and results have been very disappointing. The company's property in other areas has also proved lacking in merit.

At Straw Lake Beach, however, development work is proceeding in an attempt to open up ore bodies which gave fairly encouraging values on surface.

While the management of Manitoba and Eastern Mines is apparently sincere, we would regard the stock as quite highly speculative. The company is capitalized at five million shares, of which all but a few hundred thousand have been issued. The company's balance sheet as at December 31, 1936, showed current assets of $54,581 against current liabilities of $4,032.

Rahill Red Lake Mining

I have seen nothing on Rahill Red Lake for some time and should be glad if you would bring me up to date on this one.

The property of Rahill Red Lake Mining Co., adjoining Gold Eagle in the Red Lake area, has been idle this year. As far as we know the company has not issued any financial statement, but it is generally understood that the treasury is depleted. Management apparently feels that the time is not opportune for raising further funds. Nearly half of the company's 3 million share capitalization is still in the treasury.

A limited amount of drilling done in 1936 is reported to have given values of $28 per ton 800 ft. down and $5.25 per ton at depth of 400 ft. Before underground work would be warranted, it is apparent that further drilling would have to be done, though encouraging results have been secured.

Lacking an active market for this stock, it appears that shareholders can do little but wait in the hope that the company is successful in raising further funds.

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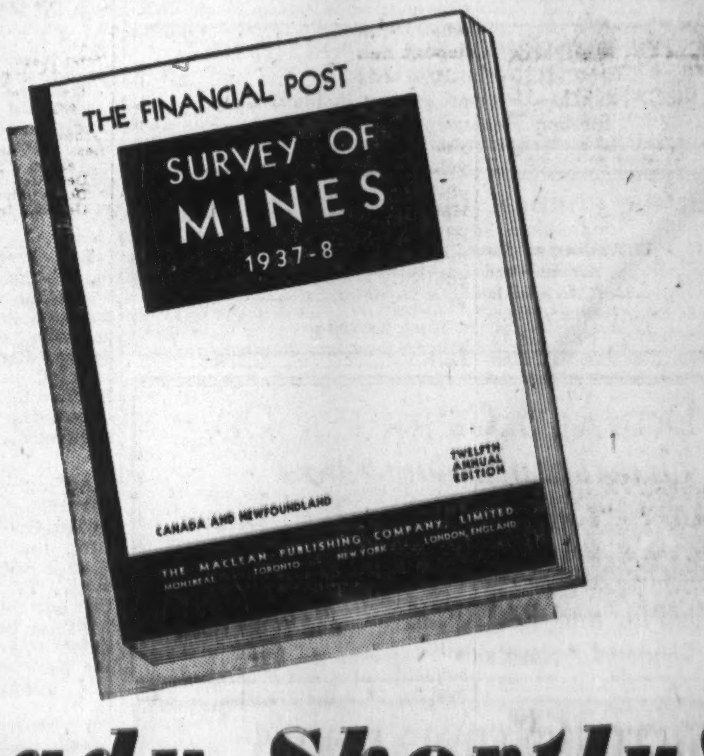

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Yachting Attorney-General Has Surplus Energy to Burn

Fondness for outdoor life and energetic activity is a dominating personal characteristic of Hon. Gordon D. Conant of Oshawa, Ontario's new Attorney-General.

Before he took over his new duties in Toronto, he went in for long early morning tramps before breakfast and usually arrived at his Oshawa office by 7.30 a.m. Even now he walks the mile between his Queen's Park office and the downtown Toronto club where he has established temporary headquarters, and arrives at his office no later than 8.30. He is an enthusiastic yachtsman, specializing in dinghy racing, and spends most of his spare time in the summer on the water.

HON. G. D. CONANT

Such surplus energy as he has is often devoted to hockey or knocking a football around with his wife and two sons. It is not surprising that Mr. Conant, at the age of 52, carries his years lightly.

Personal Popularity

A fund of physical energy has never been regarded as a special qualification of an attorney-general, though it can be a great help. But his activities have been contributing factors in building up his personal popularity in his own community, which enabled him, in turn, to hold in the Liberal column a riding in which the C.I.O. had staged its most spectacular bid for a foothold in Ontario.

After refusing for many years to run for office, Mr. Conant was returned in the recent election for the riding of Ontario. The district centres on Oshawa, where the C.I.O. auto workers union last spring staged a strike. W. E. N. Sinclair, former member for the riding and one time provincial Liberal leader, had announced his political retirement. It was feared that in a close contest the vote of C.I.O. adherents and sympathizers might be sufficient to elect an opposition candidate.

Firmly supporting Premier Hepburn's anti-C.I.O. policy, Mr. Conant not only won an expected majority in the rural areas, but piled up one of 900 votes in Oshawa itself.

Swung toward Liberalism by his father and by Hartley Dewart, K.C., under whom he read law, Mr. Conant took part in Liberal group activities at the University of Toronto and Osgoode Hall. When only 22, he became secretary of the South Ontario Liberal Association and held the position for 27 years until he became Crown Attorney in 1934. He was still under 30 when he was selected by Sir Wilfrid Laurier as member of the Liberal national advisory council, following the Liberal defeat of 1911.

By the time he was 32, he had served as deputy-reeve, reeve and mayor of Oshawa. In the intervening years he has served as chairman of the Oshawa Water Board, member of the Public Utilities Commission, helped to found the Eastern Ontario Municipal Electric Association.

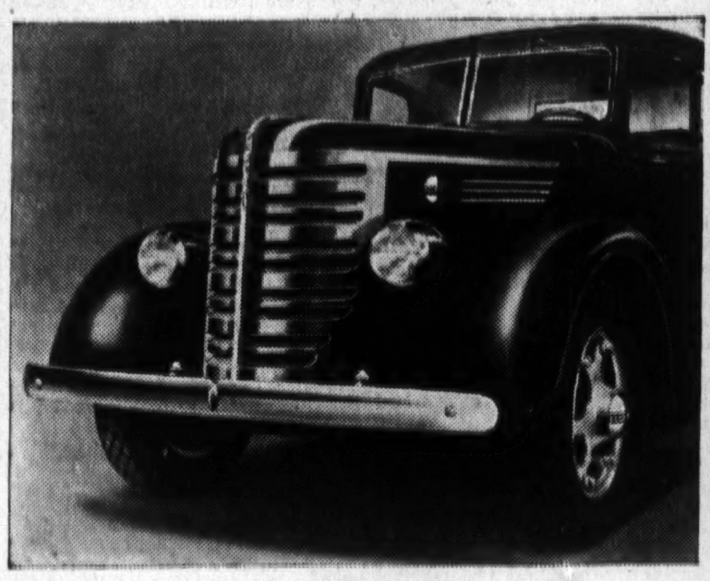
Large Taxpayer

Mr. Conant lives in a roomy mansion located on part of the several hundred acres remaining of the large tract granted to his United Empire Loyalist ancestors. As preserver of the landed gentry tradition of the Conants, he is one of Oshawa's largest taxpayers, for the property is within the limits of the Motor City.

Evidence of his fair and balanced attitude may be found in the recollection that as Crown Attorney of Oshawa during the General Motors strike, he rejected a demand that Hugh Thompson, C.I.O. organizer who promoted the strike, be arrested because of a dubious but comparatively innocuous statement. Mr. Conant took the stand that order must be preserved, but that Oshawa citizens were unlikely to resort to lawlessness and that provocation to trouble should be avoided.

SMOOTHER DRIVING CHEVROLETS

Refinement has been the main objective of General Motors Chevrolet designers this year. The new 1938 model soon on display all over Canada has a new and smoother clutch, one that requires less pedal pressure and no lubrication. There is also a new starter, specially built to give more effective operation in the wide ranges of Canadian climate and a different spring suspension in the lower priced series. Much more usable space has been added to the trunks by the removal of the shelf and the placing of the spare tire in a well at one side of the compartment. Fronts and instrument board have been completely redesigned and all seats further padded against sudden stops. Above, the Master coach.



TRUCK COMFORT

Without any sacrifice of all important pay load, driver's comfort is emphasized in the new line of Federal motor trucks now being introduced. Cabs are wider and insulated throughout. Dials and gauges in instrument board have been moved over to the left directly in front of the driver, allowing space for a locked compartment for orders and delivery records. Streamlining is designed by Henry Drefus, industrial designer responsible for New York Central's crack "Mercury." Four-speed transmission is standard equipment on medium sized models and five speeds on the larger. The 1938 line includes 29 models from three-quarters of a ton capacity to five tons.

What's What In Advertising

By JEAN R. GEMMELL

N. W. Ayer & Son of Canada Ltd. announces additions to its staff of J. M. Raymond, and Wilfrid Monette. Mr. Raymond was for some years assistant general manager of Canada Dry Ginger Ale Ltd. He was also well known as a director of the Association of Canadian Advertisers and chairman of the association on circulation and rates of Canadian newspapers. Mr. Monette is well known in advertising circles in Montreal through his long connection there with Canadian Advertising Agency Ltd. More recently he has been in charge of the company's Toronto office.

• • •

Montreal papers are carrying a special advertising campaign announcing the opening of the new Elizabeth Arden salon on Peel St. Advertising for this firm is handled by Ronalds Advertising Agency Limited.

• • •

A new weekly paper to be known as the Raymond Ad-News will be published shortly in Raymond, Alta., by Leland S. and Dean B. Wall.

• • •

Imperial Oil Ltd. is running a campaign at present that ties up with the local football games. Monday advertising plays up the "3 Stars" of Saturday's game with insertion in all Eastern cities that support local football clubs. The advertising features the company's products which include Imperial 3-Star gasoline, Esso, Atlas batteries and tires. Cockfield, Brown & Company, Ltd., Toronto, directs the advertising.

• • •

Laco Products Inc., United States manufacturers of soaps, shampoos and other olive oil products, have acquired the Pompeian Co., Inc., cosmetic manufacturers of New Jersey. Pompeian products are distributed in Canada by Harold F. Ritchie Co., Toronto. As yet the advertising programme has not been completed.

• • •

An automatic display and sound advertising unit called a Visual Syncro-Sound Advertising Display Unit, has been perfected by the Audisk Recording Co. of San Francisco. This machine is unique in that one can stand in front of it, see a display poster and hear an advertising message synchronized with the showing of the poster. Every few minutes a different poster flashes on the screen and another amplifying message reaches the ear. One machine may be equipped to handle 32 separate posters and the same number of messages. These machines will be released to department stores, or other places where people congregate.

• • •

Independent advertisements published weekly by Safeway Stores Ltd. and Piggly Wiggly Canadian, Ltd., in Vancouver newspapers will be merged in the future. Safeway acquired control of the Piggly Wiggly chain two years ago in Western Canada, but the merger is the first public indication of any co-operative merchandising action by the two chains.

• • •

The James Fisher Co. Ltd., advertising agency, is releasing a campaign in daily newspapers, advertising Sparton radios and featuring their automatic tuning.

• • •

The New Zealand Government will widen its advertising campaign in Canada. The tourist attractions of the country are being featured in a campaign directed by E. W. Reynolds & Co. and placed in daily newspapers, rotogravure, magazines and financial papers.

Mammoth Water Diversion Would Double B.C. Power

From Our Own Correspondent

VANCOUVER.—Engineers of the British Columbia lands department have discovered a new source of hydro-electric power that may some day provide energy for west coast industries.

After several years of study, experts of the department announce that they have found a feasible method of turning the great Nechako watershed so that it will run westward to the sea on Dean Channel. The Nechako, rising in a circle of large lakes, runs eastward to the Fraser River near Prince George. If diverted westward through the Coast Range it would develop 1 million horsepower, the department estimates. This is nearly twice as much power as is now being developed and used in British Columbia industrial plants.

The Nechako scheme would involve contruction of a 10-mile tunnel through the hills to move the waters of Eutsuk and Whitesail lakes into the headwaters of the Kimsquit River, which runs into the head of Dean Channel. This, while a large undertaking, is regarded as inexpensive when judged in relation to the amount of power it would develop.

Surveyors at Victoria, B.C., are now working on detailed maps and contours.

The new Nechako programme would bring the potential water-power of the coast region of British Columbia to 2 million horsepower, and this is regarded as of particular importance in view of prospective large-scale pulp and paper expansion in the area affected.

Surplus Shown By B. C. Towns

Vancouver Assessment Is 50% of Total for Province—Revenues Up

From Our Own Correspondent

VANCOUVER.—Out of a total assessed value of $729,813,850 for land and improvements of British Columbia municipalities, Vancouver accounts for $371,568,552 or more than 50%, according to the annual report of the inspector of municipalities.

Revenues of all British Columbia municipalities last year totalled $22,225,494, and disbursements $22,214,939, leaving a combined surplus of $10,555. Tax collections showed an increase of $304,328 over those of 1935.

Debenture by-laws approved during 1936 amounted to $439,500, while debenture debt retired or refunded was $1,101,620.

The sundry debt of all municipalities increased by $1,412,027, which amount includes debenture interest of certain municipalities defaulting. Total debenture and sundry debt, exclusive of shortage in sinking fund, was $135,624,832.

Vancouver's total debenture debt is given as $75,711,449, which, with a sundry debt of $4,016,528, gives a total indebtedness of $79,727,977. Its sundry debt, however, shows a reduction of $4,496,069 as compared with 1935. Vancouver reduced its bonded indebtedness by refunding of $863,821.

New Books

Pioneering in the Mud

HORSELESS CARRIAGE DAYS. By Hiram Percy Maxim. Published by The Musson Book Company, Toronto. Price $2.50.

One does not have to summon up bearded patriarchs to find someone who remembers the time when horses shied at motor cars. One does not even have to turn to middle age for memories of pre-concrete highway days.

The automobile is largely the product of the inventive genius of men now living, many of them still enjoying the fruits of their work, some of them still carrying on with their work.

One of the most famous inventors of the passing generation is Hiram Percy Maxim. In the 90's he experimented with horseless buggies. Quite unaware that there were other inventors all over the world tackling the same problem he was working on he spent several years perfecting a motorized carriage. In "A Genius in the Family" he has already told us of many of his adventures as an inventor. In "Horseless Carriage Days" he concentrates on those difficult and patience-racking years—so amusing in retrospect, but so trying at the time—when he was running afoul of women, horsemen, police, and Nature herself (as exemplified in mudholes and sand dunes), while attempting to build a buggy that needed no animal to pull it.

Mr. Maxim's renowned sense of humor gets full play and he writes entertainingly for the average reader. But for the technically-minded he includes many photographs and charts to illustrate the early development of the motor car.

Mechanics of Debate

ESSENTIALS OF DEBATE. By John R. Pelsma. Published by Oxford University Press, Toronto. Price $1.25.

Organized debating, as a means of developing the exploratory faculties of the mind and the expressive faculties of speech begins in public schools and usually reaches its climax, in the life of most people, in college. But many people do not lose their love for debate at that point. They carry on throughout their adult life in small societies, in service clubs and in politics. For them this volume will be of great value.

Precise, crisp, brief and pointed, it gives a systematic outline of how to proceed with all stages of a debate, whether gathering the material, preparing it, delivering it or judging it when it is delivered.

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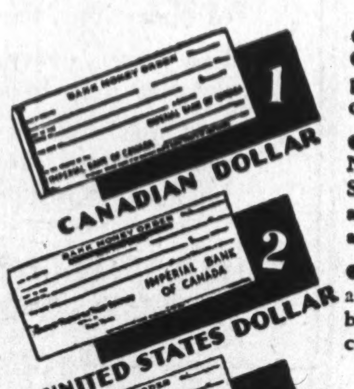

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